WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

2022 ANNUAL REPORT

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

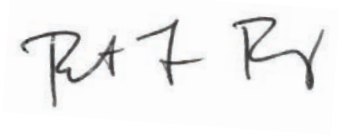
Our mission is to operate a safe, efficient, and reliable transportation system for the islands of Martha's Vineyard and Nantucket with a commitment to sustainability, accessibility, our port communities, and public engagement.

To: His Excellency, the Governor

To: The Members of the General Court

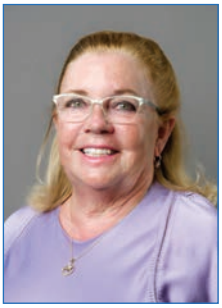
The 2022 Annual Report of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority is respectfully submitted in accordance with Section 13 of Chapter 701 of the Acts of 1960, as amended by Chapter 276 of the Acts of 1962.

Sincerely,

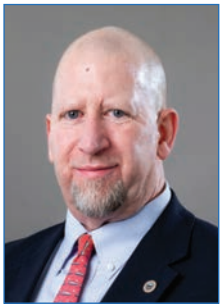


Robert F. Ranney
Nantucket
Chair, 2023

Authority Members – 2022



Moira E. Tierney
CHAIR
NEW BEDFORD



Robert F. Ranney
VICE CHAIR
NANTUCKET

Robert R. Jones
SECRETARY
BARNSTABLE

James M. Malkin
MEMBER
DUKES COUNTY

Peter J. Jeffrey
MEMBER
FALMOUTH

Port Council Members – 2022

John F. Cahill
Chair, Tisbury

Robert S. C. Munier
Vice Chair, Falmouth

Nathaniel E. Lowell
Secretary, Nantucket

Roland "Bud" Breault
Barnstable
June–December 2022

Mark H. Rees
Fairhaven

Joseph E. Sollitto Jr.
Oak Bluffs

Barnstable seat was vacant from January 2022 through May 2022; New Bedford seat was vacant for 2022

General Manager

Robert B. Davis

Treasurer/Comptroller

Mark K. Rozum

General Counsel

Terence G. Kenneally

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET

STEAMSHIP AUTHORITY

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2022 OVERVIEW

2022 Operating and Financial Results

In 2022, the Steamship Authority's vessels made a total of 24,761 trips carrying 2,903,528 passengers; 600,140 automobiles and trucks under 20 feet; and 95,233 freight trucks of more than 20 feet to or from the islands of Martha's Vineyard and Nantucket during the year. The number of passengers, the mix of both personal and freight automobiles, and the number of excursion vehicles carried by the Authority, returned to more typical totals seen prior to the onset of COVID-19.

The total number of passengers carried in 2022 increased by 6.5% from those carried in 2021, as passenger traffic on the conventional service increased by 126,240 riders, or 5.2%, while passenger traffic on the high-speed service increased by 49,732, or 18.0%. Automobiles and trucks of less than 20 feet carried in 2022 decreased by 12,839, or 2.1%, and freight trucks of 20 feet or longer increased by 3,778, or 4.1%, from the previous year. Overall, the total number of vehicles carried decreased by 1.3% compared to 2021. Approximately 86.3% of all vehicles carried by the Authority in 2022 were less than 20 feet in length. Also in 2022, approximately 31.5% of the vehicles carried by the Authority traveled at excursion rates.

The Authority's operating revenues in 2022 totaled $131,169,673, an increase of $2,930,561, or 2.3%, versus 2021. Passenger revenue accounted for 25.5% of the Authority's total operating revenues in 2022, while automobile revenues represented 32.1%, freight revenues represented 29.4%, parking revenues represented 5.6%, and miscellaneous revenues represented 7.4% of total operating revenues.

Operating expenses totaled $120,090,634 in 2022, an increase of $6,347,904, or 5.6%, compared to 2021. Maintenance expense increased in 2022 versus 2021 by $2,378,658, or 11.1% more than 2021. The Authority's depreciation expenses increased by $1,030,956, or 7.0%, compared to 2021, due in part to the addition of phase three of the Woods Hole Terminal Reconstruction Project.

Vessel operating expenses increased by $3,402,832 versus 2021 expenses, or 12.9%, due primarily to a $2,784,842 increase in vessel fuel oil expense. General and administrative expenses decreased by $1,340,106, or 5.2%, versus 2021. This included a decrease of $939,864 in unemployment costs.

Interest on bonds and other fixed charges were offset by license fee income and other income to bring the Authority's total change in net position in 2022 to $17,553,661, an increase of

$2,801,463, or 19.0%, from the previous year. This made 2022 the 60th consecutive year without a deficit assessment on the taxpayers of the Authority's port communities.

The net cash provided by the Authority's operating activities each year is used to pay bond principal and to replace or upgrade its vessels, terminals and equipment.

Cash transfers from the Authority's Revenue Fund to its special-purpose funds in 2022 included $10,698,300 to the Sinking Fund to pay bond interest and principal coming due within the next 12 months and $13,927,759 to the Replacement Fund. The Authority disbursed $16,130,220 from its Capital Improvement Fund toward the purchase, acquisition, conversion and reactivation of three new vessels and the cost of the bond anticipation funds. The Authority disbursed $11,183,161 from its Replacement Fund during 2022 in connection with various capital projects, including $9,708,427 toward the Woods Hole Terminal Reconstruction Project; and the remainder to various other projects.

A more detailed analysis of the Authority's financial statements for the year ended December 31, 2022, and further information regarding its 2022 fund transfers and use of special-purpose funds are included in the Management's Discussion and Analysis section of this report.

Peter J. Jeffrey

New Board Member – Peter J. Jeffrey

In January, the Authority Board welcomed Peter J. Jeffrey as its Falmouth representative, succeeding Kathryn Wilson. Mr. Jeffrey moved to Woods Hole in 2012 with his wife and children. He is a federal labor and employment law attorney practicing through his own firm, Jeffrey Law Group.

Bud Breault

New Port Council member – Roland "Bud" Breault

In June, the Port Council welcomed Roland "Bud" Breault as the body's Barnstable representative. Mr. Breault retired as the manager of the Barnstable Municipal Airport in 2018 and served in the U.S. Coast Guard for more than three decades, culminating in 1995 when he served as commander of Group Woods Hole.

New vessels join the Steamship Authority fleet

In 2022, the Authority finalized the purchase of three used Offshore Supply Vessels (OSVs) from Hornbeck Offshore Services. The unprecedented purchase of three identical vessels in a single year, with an option for a fourth purchase in 2023, was the culmination of more than a year's worth of due diligence and investigation into the best ways to strengthen the Authority's fleet and retire certain freight vessels in a cost-effective manner.

M/V HOS Shooting Star

REVIEWING THE AVAILABLE OPTIONS

In its investigation, staff focused on three options: a midlife refurbishment of the existing freight boats; new construction of a *M/V Woods Hole*-class vessel; and acquisition and conversion of an offshore supply vessel (OSV).

Due to the age of the existing freight boats, it was quickly determined that the first option would be the least beneficial option. Construction of a new vessel was desirable on many levels, but staff was cognizant of the Authority's funding limitations, which would delay the start of construction for upward of two years. Therefore, staff began to survey the market to identify OSVs that might be candidates for acquisition and conversion.

A marine broker identified over 80 OSVs from various operators that fit the general requirements. Working from the general market survey, staff narrowed the list to OSVs that would be capable of transiting in the harbors the Authority operates in with a molded depth of 14 feet to 20 feet; vessels capable of being restricted to 235 feet in length overall once converted; and vessels under 15 years old. The list was further refined based upon market pricing.

Working with a naval architect, staff performed in-person surveys of between 10 and 15 of the remaining vessels in fall 2021 at the various yards where they were berthed. In April 2022, staff, along with a marine surveyor, concentrated inspections on the Hornbeck Offshore Services "Lode Star" class of vessels.

The naval architect, meanwhile, was performing stability tests, as well as speed and fuel consumption tests, based upon the engineering data that Hornbeck Offshore Services provided. The naval architect then provided the Authority with conceptual plans for the conversion. These plans include the addition of a stern ramp capable of matching the Authority's existing transfer bridges and fendering system, sponsons designs, and concepts for the passenger accommodations spaces.

FLEET USEFUL LIFE, FUNCTIONAL OBSOLESCENCE REPORT

Among the many aspects of a vessel replacement plan was the completion of a Fleet Condition Useful Life, Functional Obsolescence Report with Marine Safety Consultants Inc. The study began in March 2021 and built upon the surveys prepared in 2012 and 2018.

From summer 2021 to December 2021, Marine Safety Consultants conducted physical ship visits on all the Authority's fleet, either while the vessel was in line service, at the Authority's Fairhaven Vessel Maintenance Facility, or during dry dock periods. Marine Safety Consultants employed a survey methodology specific for Authority vessels focusing on 31 areas of interest and concern.

Marine Safety Consultants reports that historically documented factors that affect a vessel's life expectancy are, but not limited to, the following:

1. A vessel's age;
2. Construction materials and method;
3. Scantlings, which refers to the collective dimensions of the framing (apart from the keel) to which planks or plates are attached to form the hull and describes the vessel's structural strength;
4. Machinery;
5. Area of service;
6. Sustainability of consistent and age-escalated maintenance costs; and
7. Regulatory constraints.

Marine Safety Consultants reported that:

> *the average lifespan of an ocean commercial vessel averages 25-30 years. Beyond this, vessel maintenance costs escalate to the point where the cost to operate may outweigh operational commercial advantages. At some point of extended usage, the risks and costs may outweigh (a vessel's) useful life.*

As a point of reference, the average age of the Authority's current fleet is above 34 years old.

The findings detailed that a primary concern for the Authority was the remaining useful life of two of the Authority's three freight boats, namely the *M/V Katama* and *M/V Gay Head*. Keels were laid for both vessels in 1981. While the so-called useful life can be extended through a rigorous maintenance program, there comes a time that the cost of repairs or replacement parts is higher than the cost of new or when the vessel is no longer able to provide the service for which it was originally designed. Equipment may become obsolete when parts are no longer available for repair.

However, the "useful life" of a vessel does not always correspond to actual use. In some cases, the vessels far surpassed estimates of useful life provided in similar surveys performed in 2012 and 2018 thanks to the Authority's rigorous maintenance programs.

M/V HOS Lode Star

HYBRID PROPULSION STUDY

The Authority also commissioned a Hybrid Propulsion Study with Elliott Bay Design Group as part of its vessel replacement project. The scope of the project included the following:

- Gathering data on the daily energy profiles for both the Martha's Vineyard and Nantucket routes
- Developing energy profiles to include "hotel loads" for both summer and winter service
- Identifying propulsion loads for various weather conditions
- Gathering data on existing electric grid and utility rate structures
- Establishing evaluation criteria within three defined categories – vessel emission reductions, operating costs, and capital costs
- Examining five different scenarios:
    1. Geared diesel propulsion with diesel generators currently in operation
    2. A diesel-electric plant with a small battery bank to allow all-electric operation when in the berth, with no shore charging
    3. A diesel-electric plant with battery bank sized for brief increases in power demand should a generator fail, with no shore charging
    4. A diesel-electric plant with large battery bank sized to handle 50% of operational time as all-electric service
    5. All-electric operation with rapid charging on both sides of route, which would only apply to the Martha's Vineyard route
- Identifying, for each scenario, the size of battery bank and associated electrical generation and calculate the associated operating costs, fuel savings and emission reductions
- Estimating the capital costs for each scenario compared to baseline, including modifications to terminals and utility supply lines

The report's conclusions were as follows:

Of the five options considered, Option 1 (diesel mechanical) produced the most emissions and was the cheapest propulsion configuration. Option 5 was the closest to zero emission (wake-side) configuration and was also the most expensive to procure. The diesel hybrid options (Options 2-4) produced emissions similar to, but less than, the diesel mechanical option with CO2 emission reductions ranging from 7% – 8% depending on the load conditions of the propulsion generators.

Capital costs for the propulsion systems were higher the more emissions were reduced. The increase in cost amongst the hybrid and all-electric options was largely related to the quantity of batteries needed in each powering scenario.

Future studies and analyses could be performed to better define a vessel optimized for an all-electric or hybrid option. There is likely a sweet-spot design that would work well on both routes. An all-electric configuration for the Hyannis – Nantucket route was not considered in this study, and the quantity of batteries for that application would likely be prohibitive. An evaluation of the existing M/V Woods Hole hold space for fit of a diesel hybrid propulsion configuration is recommended.

This study did not consider any alternate fuels such as methanol, hydrogen, or ammonia as potential vehicles for emissions reduction relative to diesel. To do so would require an in-depth analysis of the supply chain of such fuels.

BOARD APPROVES PURCHASE OF TWO VESSELS

In August 2022, General Manager Robert B. Davis brought to the Authority Board a request for authorization to purchase two OSVs from Hornbeck, with the option to purchase up to two more vessels by the end of the year.

The cost estimate for the conversion portion of the project was approximately $4 million per vessel. An additional $4 million per vessel was estimated for the reactivation portion of the project, which includes main engine overhauls, bow thruster and generator overhauls, marine evacuation system slide installation, and various steel and coatings estimates. The overall cost estimate for the project, including acquisition, broker fees, inspections, conversion, reactivation, design, and engineering, Authority shipyard representatives, and a 20% cost contingency, totaled approximately $32 million.

The estimated timeline from acquisition to line service anticipated that the first vessel would be available for the 2023 summer schedule and the second vessel by early summer 2023.

The Board authorized Mr. Davis to execute the purchase of two vessels at a cost of $5,637,500 each, and further authorized the sale of Steamship Authority Bond Anticipation Notes to finance the purchase, conversation, and reactivation of the *M/V HOS Lode Star* and *M/V HOS Shooting Star*. Following further inspections that proved satisfactory, the purchase was closed on September 22, 2022.

NAMING CONTEST GARNERS HIGH INTEREST

Following the purchase of the two vessels, the Authority held a naming contest to encourage public participation in the development of a "short list" of finalists to rename the vessels. More than 8,200 entries were received, comprising more than 9,200 name suggestions. In determining the names to be included in the short list presented to the Port Council and Board, staff was mindful of the most popular names submitted as part of the contest; the Authority's tradition of naming vessels after regions from the Authority's communities; and a balance of potential names from each of the five port communities.

Staff appreciated, but ultimately recommended rejecting, various references to *Jaws* that were submitted, as well as "Boaty McBoatface," "Ferry McFerryface," and "Steamy McSteamface." Staff also declined to put forth a popular paring, "East Chop" and "West Chop," for fear of creating confusion with radar markings and potential confusion in case of emergency.

At their September meeting, the Board Members voted to rename the vessels the *M/V Aquinnah* and *M/V Monomoy*.

NEW VESSELS

THIRD VESSEL PURCHASED FOLLOWING AGREEMENT TO RECEIVE FEDERAL FUNDING

In November, the Authority announced its intention to purchase a third OSV, which was made possible through an agreement with the Cape Cod Regional Transit Authority (CCRTA) yielding $28.1 million in additional federal funding.

The available funding was the result of the Authority's participation in the National Transit Database (NTD) program, which began in 2015 when it was approached by the CCRTA. The Authority subsequently applied for and was accepted to participate in the NTD program.

The CCRTA is the designated recipient for the Barnstable Urbanized Area, thus grant funds related to the Authority's reporting activities are first transferred to the CCRTA. While these grant funds are a result of the Authority's operating data, the CCRTA, as the designated recipient for the Barnstable Urbanized Area, has oversight and audit responsibilities.

In addition to the "standard" grant funding historically received from the Federal Transit Administration (FTA) via the CCRTA, the Authority was eligible to receive funding from numerous other programs, including the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act; the Coronavirus Response and Relief Supplemental Appropriations Act, or CRRSAA; and the American Rescue Plan Act of 2021, or ARPA.

Thomas S. Cahir, CCRTA Administrator (left) and Robert B. Davis, Steamship Authority General Manager

Under the terms of the new Memorandum of Understanding (MOU), the CCRTA agreed to reimburse the Authority up to 100% of the additional CARES Act urbanized area formula funding and approximately 39% of the apportionment resulting from the Authority's direct reporting to the NTD. Similar to the standard apportionment funding allocation, funding from the FTA's State of Good Repair Program will be split between the CCRTA and the Authority.

Grant funds related to this program total $55,081,358, of which $19,207,557 was already paid, resulting in $35,873,801 in funding that is available to the Authority for financing of certain projects and services, including defined eligible preventive maintenance expenses and capital items such as the retrofitting and reactivation of the new OSVs.

Following approval of the MOU, the Board authorized Mr. Davis to purchase the *M/V HOS North Star* from Hornbeck Offshore Services. The federal funding will be applied toward the conversion and reactivation of the three OSVs, which is estimated to cost $8 million per vessel, while the proceeds of a previously approved bond sale will be used to purchase the vessels.

M/V HOS North Star

The Authority extended its gratitude to the CCRTA and its administrator, Thomas S. Cahir, as well as U.S. Rep. Bill Keating and the Authority's entire congressional delegation for their steadfast support at the federal level of its work to receive additional federal funds The Authority closed the purchase of the *M/V HOS North Star* on December 27, 2022. In early 2023, the Authority Board voted to rename the vessel the *M/V Barnstable*.

A new phase of COVID-19

As the year began, the Steamship Authority continued to require strict COVID-19 precautionary measures be taken on board its vessels and within its shoreside facilities, including a U.S. Coast Guard-mandated mask requirement for all employees and passengers. Steamship Authority personnel continued to use hospital-grade disinfectants on board all vessels to perform a cleaning of both public and employee areas. The cleaning was part of a daily regimen by the Authority's terminal employees and vessel crews to thoroughly clean and disinfect all high-touch areas, including hand railings, table tops, door handles, seats, faucets, and toilets.

EMPLOYEE VACCINATION POLICY ENACTED

Following the widespread availability of COVID-19 vaccines in late 2021, the Authority adopted an employee COVID-19 vaccination verification policy in January to further prevent viral infection and transmission among its workforce and the traveling public.

In accordance with the policy, all employees were to demonstrate they had received at least one COVID-19 vaccination by January 5, 2022, the first day of the Authority's winter service schedule. Employees who were not fully vaccinated in accordance with Centers for Disease Control and Prevention (CDC) guidance by February 16, 2022, were subject to progressive discipline, including and up to termination.

Employees were also to continue to maintain COVID-19 vaccinations in compliance with the CDC definition of "fully vaccinated" and as adopted by the Massachusetts Department of Public Health.

The Authority provided an incentive of up to $500 per employee to further encourage vaccination adoption.

Union and nonunion workers subject to the policy included full-time, part-time, seasonal, intermittent, temporary and contract employees, as well as interns. The policy was consistent with state and federal orders and recommendations issued in 2021 by Massachusetts Gov. Charlie Baker and President Joseph Biden for state agencies and authorities and organizations with 100 or more employees.

Exemptions to the policy were possible upon an employee providing verifiable documentation that COVID-19 vaccination would be detrimental to their health or contradict strongly held religious beliefs. Weekly COVID-19 testing was required in such instances.

Although it was within the Authority's management rights to implement this policy, the Authority entered into Memoranda of Understanding with its eight bargaining units regarding the matter.

CHANGE IN MASKING REGULATIONS

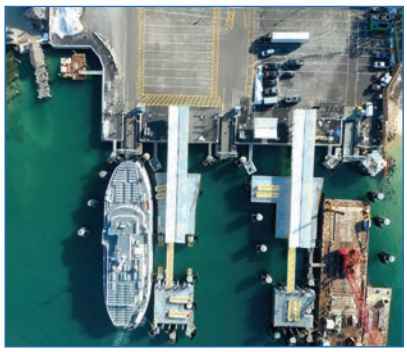
On April 19, 2022, the U.S. Coast Guard issued an updated Marine Safety Information Bulletin regarding COVID-19 Safety Requirements in the Maritime Transportation System. In it, the Coast Guard stated that it would no longer enforce directives regarding mask use on public transportation and in transportation hubs. Accordingly, the Authority no longer required masks to be worn at its terminals or on its ferries. Masks were also no longer required on its shuttle buses in accordance with a similar directive issued by the Federal Transit Administration.

The Centers for Disease Control and Prevention continued to recommend that people wear masks in indoor public transportation settings to help prevent the spread of COVID-19, and the Authority encouraged and supported any passengers or employees who chose to do so.

Woods Hole Terminal Reconstruction Project continues

The Steamship Authority continued work on its Woods Hole Terminal Reconstruction Project in 2022, with the fourth and final phase of its marine work ending and the first phase of the landside work beginning in the fall. The Authority had previously determined that, because of the possibility that any significant ongoing construction activities during the summer months would have had a detrimental impact on the Woods Hole community, the Martha's Vineyard economy and the Authority's operations, the reconstruction of the terminal site would be scheduled in phases during the offseason as much as practicable.

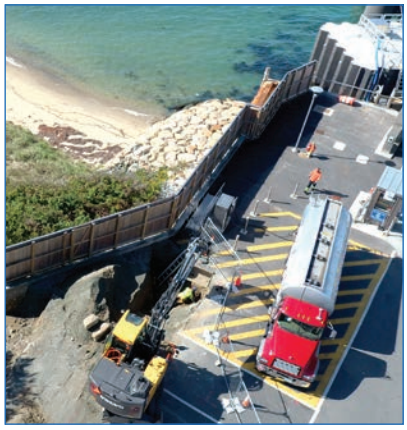
Phase 1: Construct a new administration building within the Palmer Avenue parking lot and construct a temporary terminal building at the Woods Hole terminal. **Completed February 2018**



Phase 2a: After moving to the new administration building and temporary terminal building, demolish the existing terminal/general offices building and excavate a portion of the existing retained-earth pier. **Completed Spring 2018**

Phase 2b: Partially construct a new Slip No. 3, to be relocated generally where the wharf is located. **Completed Spring 2019**

Phase 3: Complete construction of new Slip No. 3 and construct new Slip No. 2 (formerly Slip No. 1) with new passenger loading walkways, ramps and an outer floating passenger platform. **Completed Spring 2020**



Phase 4: Complete construction of new Slip No. 1 (formerly Slip No. 2) with new passenger loading walkways, ramps and an outer floating passenger platform. **Completed Spring 2022**

Phase 5: Following reconstruction of the three ferry slips, begin landside site work, including constructing a new Cowdry Road entry, raising the interim site grades, installing the stormwater system and drilling geothermal wells. **Fall 2022 – Spring 2023**

Phase 6: Construct the new terminal building and regrade the site around the terminal plaza and demolish the existing freight shed, construct the new utility building and new employee parking lot with photovoltaic canopy structure. **Timing to be determined**

Phase 7: Following the opening of the new terminal building, remove the existing temporary terminal building. **Timing to be determined**

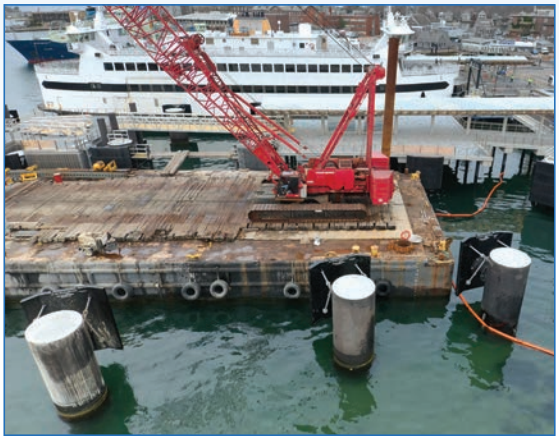
Phase 8: Following completion of the landside phases, the Authority will launch a separate project to finish remaining site work, including: new retaining walls, islands and landscape elements; constructing remaining photovoltaic canopy structures; installing attendant booths, bus shelters, site lighting and final landscape elements; and installing final Cahoon Park landscaping.

MARINE WORK CONCLUDES

The final portion of Phase 4 of the project continued as 2022 began. The marine work had been anticipated to end the prior year, but delays in construction necessitated an extension of work into 2022 because additional work was required in the slip's south head dolphin, along with Monopile No. 24 and Monopile No. 31, none of which could be driven to the required depth after several attempts due to boulder obstructions.

Specifically, Monopile No. 31 could be driven only to -45 feet before reaching resistance. The design was changed to include the drilling of two 36-inch monopiles inside the 96-inch monopile. The larger monopile was then filled with concrete and capped.

Monopile No. 24, meanwhile, could be driven only to a depth of -65 feet before reaching refusal from underground instructions; the design depth for the monopile was -100 feet. The first proposed solution was to place two 42-inch monopiles behind the 96-inch monopile and connect them to support the larger structure; however, the driving of the 42-inch monopiles to the design depth was not able to be accomplished due to obstructions encountered during pile driving. A reinforced concrete cofferdam was then proposed to secure the three piles in place and provide the necessary support. Work on the cofferdam began in early 2022 and was completed in April 2022.



LANDSIDE WORK BEGINS

In September 2022, Phase 5 of the project – and the first of the landside portion of the project – began. The focus for this phase was preparatory work for the construction of the new terminal building and utility building at the site. Contractor Lawrence-Lynch Corp. was to raise the base elevation of the terminal approximately 5 feet to satisfy floodplain requirements and was to install new stormwater piping to connect with the piping installed as part of the marine phase of the project.

Due to the complexity of the landside work, Phase 5 was broken into six subphases to allow ferry operations to be maintained at the terminal during construction. Detailed maps were created to help customers and the community review the updated traffic flows through the site as work progresses. Project and operational updates continued to be provided via the Authority's social media channels, on its website, and through weekly eNews bulletins.

2022 OVERVIEW

SSA, ADK Group launch website redevelopment project and mobile app development project

ADK Group submitted one of the 16 proposals received by the Steamship Authority in response to its Request for Proposals issued in June 2021. Following a review of the proposals, ADK Group was awarded the $1,996,554 contract at the Authority Board's October 2021 meeting. The U.S. Department of Transportation's Ferry Boat Program is partially funding the project.

Following the contract award and subsequent contractual negotiations, the Steamship Authority and ADK Group of Boston began in January 2022 the project to redesign the Authority's website, www.steamshipauthority.com, and develop the Authority's first mobile application.

The Authority's project team, which included representatives from the Authority's communications, information technology, marketing, shoreside operations, reservations, and accounting departments, held a project launch meeting with representatives of ADK Group and its parent company, projekt202, in January 2022. That meeting was the official beginning of the discovery phase of the project, which ran through mid-February and included reviewing current technology, blueprinting the Authority's technological processes and needs, and hosting a series of workshops with the project team.

Following the discovery phase, the Authority and ADK worked to create the foundational design and user experience elements for the website and mobile app, as well as deploy rapid prototypes of user work flows. Technical work then began on developing the application programming interface, or API, which will underpin the technical infrastructure of the new site and app.

The Authority established a dedicated page on its website to provide public updates on the project, and also sent biweekly email updates on the project through the Authority's eNews. The website and mobile app are expected to launch in 2023.

Safety Quality Management System Project enters accreditation phase

The development of the Authority's Safety Quality Management System (SQMS) hit a major milestone in 2022 when RINA, an Italian-based classification society, was chosen to perform an audit of the system.

Development of the SQMS began in 2019 with the award of a contract to Safety Management Systems LLC (SMS LLC) of Portland, Maine, to assist the Authority in transitioning to a process-based approach to management. That work included the development and implementation of the SQMS.

The following documents were developed and implemented throughout the Authority's operations as part of that work:

- Safety and Quality Management System Guide
- Vessel Operations Manual, or VOM
- Terminal and Facilities Operations Manual, or TFOM
- Support Operations Manual, or SOM
- Public Transportation Agency Safety Plan, or PTASP

The next phase in the implementation of the Authority's SQMS was to obtain a voluntary certification to validate and communicate the Authority's conformance to its SQMS standards. In July 2022, the Authority issued an Invitation for Bids seeking management system certification services supported by an audit that would be conducted by a classification society that has been approved by the U.S. Coast Guard to provide such certification services.

In August 2022, the Authority Board authorized the award of the $94,360 contract to RINA. The certification services process and interim audits began in mid-November 2022. Through this auditing and certification process, the Authority will seek to obtain a SQMS supported by an ISO 9001:2015 certification for the Authority in accordance with the scope of its SQMS and 33 CFR Part 96/International Safety Management Code Voluntary Document of Compliance and a Voluntary Safety Management Certificate for each vessel currently in the Authority's fleet. These certifications are valid for a total of three years and five years, respectively.

SMS LLC remained engaged through the initial phases of the certification services and the initial audit and management review of the Authority's SQMS. SMS LLC was to assist the Authority in managing any action items arising from the initial audit to ensure that all items are addressed in a satisfactory manner.

Summer reservation openings see record traffic

The Steamship Authority experienced record-setting opening-day activity for summer automobile reservations to both Nantucket and Martha's Vineyard after online bookings for travel between May 17, 2022, and October 19, 2022, on each route opened in January 2022.

On the Hyannis/Nantucket route's internet opening on January 18, 2022, the Authority processed 9,499 transactions representing nearly $4.7 million in revenue. On the comparable day of the Nantucket internet opening in 2021, the Authority processed 5,530 transactions representing $2.7 million in revenue.

On the Woods Hole/Martha's Vineyard route's internet opening on January 25, 2022, the Authority processed 24,580 transactions representing nearly $5.8 million in revenue. On the comparable day of the Martha's Vineyard internet opening in 2021, the Authority processed 16,252 transactions representing $3.9 million in revenue.

The Steamship Authority defines a transaction as either a one-way or a round-trip automobile reservation.

For the second year, the Authority employed a virtual waiting room that allowed customers to see their "place" in line and the approximate wait time before they could make a transaction, which eliminated the need for refreshing the browser. At its peak, more than 14,000 users were in the waiting room. The Authority's Management Information Systems Department ran numerous tests of equipment and processes prior to the internet general openings, and the Authority's Reservation Office staffed reservation clerks to coincide with the 5 a.m. opening times on both days to offer phone support and troubleshooting assistance to the Authority's internet customers.

Bus fleet electrification continues

The Steamship Authority continued its shift toward electrification of its shuttle bus fleet in 2022. In February, the Board authorized the purchase of four 40-foot low-floor electric transit buses, along with the necessary charging infrastructure, from Gillig LLC of Livermore, California, for a total price not to exceed $4,000,000.

In May, the Board approved a contract for the installation of electric bus charging stations in Hyannis and Falmouth with Coviello Electric & General Contracting of North Reading, Massachusetts, for $366,000. The stations are to be located at the Palmer Avenue Parking Lot in Falmouth and the Yarmouth Road Parking Lot in Hyannis. Each station will have the ability to charge two buses, with the ability for future expansion depending on the space for parking additional buses.

In June, the Board approved the purchase of two 24-foot electric shuttle buses to service the Hyannis Terminal parking operations for a total of $560,704.

2022 OVERVIEW

Proposals sought for off-Cape freight service

On March 18, 2022, the Steamship Authority issued a Request for Proposals (RFP) for parties seeking to conduct licensed freight operations between the City of New Bedford or another off-Cape port and Martha's Vineyard. The Authority, working with its Long-Range Vineyard Transportation Task Force, issued the RFP in accordance with a vote by the Authority's Board on September 30, 2021, approving the Authority's 2022 Summer and Fall Operating Schedules for its ferry service between Woods Hole and Martha's Vineyard and a report regarding those schedules.

Following more than four months of local and national advertisement of the RFP, the Authority received no proposals for the contract by the 2 p.m. August 2, 2022, deadline.

The RFP was advertised by multiple methods, including posting on the Authority's website; legal advertisements in the *Cape Cod Times* and the New Bedford *Standard-Times*; advertisements in multiple marine publications, including *Marine Link*, *Boats & Harbors*, *Maritime Reporter* and *Marine Log*; and an email blast by *Marine Log* that was sent to approximately 20,000 subscribers and included a full-color advertisement of the RFP notice.

The Authority received 47 requests for a full copy of the RFP but, ultimately, no proposals, nor any requests for revisions. The RFP encouraged potential proponents "to contact the SSA if they believe there are any provisions in the RFP that are too restrictive for a successful freight service for the island of Martha's Vineyard so that the SSA can review those provisions and, if possible and appropriate, address any concerns." However, no potential proponents chose to do so.

Staff was to work with the Long-Range Vineyard Transportation Task Force to determine appropriate next steps in the process.

Chief operating officer, grants administrator positions created

In March, the Board authorized the creation of a chief operating officer (COO), which was one of the 10 recommendations contained in the comprehensive review of the Authority's operations performed in 2018 by HMS Consulting, Glosten Associates, and Rigor Analytics. In public workshops held in 2019 to discuss the implementation of the HMS recommendations, the Board Members acknowledged that the COO position was an important step to consider, but they recommended the Authority continue to direct its focus on filling other positions and implementing the other process-based management recommendations into its operations.

Like many of the Authority's strategic initiatives, the matter was set aside during the onset of the COVID-19 pandemic, but the Members requested the efforts to bring a COO into the Authority's management structure be renewed in 2022.

In its report, HMS proposed the following responsibilities for the COO:

- Provide leadership in the development and execution of operational strategies and plans;
- Direct and manage the vessel operations, fleet maintenance, and terminal and parking operations;
- Lead, support and develop a high-performing operations team through assessing the team's capabilities, proactively resolving gaps, actively coaching leaders, and delegating duties to empower and enhance ownership of all employees;
- Develop and oversee best practices, programs, policies, and/or procedures to reduce or eliminate organizational risk, safety and accident prevention, employee health and wellness and overall risk management education; and
- Ensure compliance with all regulatory requirements.

As approved by the Board, the priority for the COO will be to partner with the general manager and to ensure that the vessel and shoreside operations teams collaborate to keep the operations of the business on schedule and manage communication channels, maintain and improve efficiencies, and focus on future plans to develop the business.

At the same meeting, the Board authorized the creation of a grants administrator, who would report directly to the treasurer/comptroller. The responsibilities for the grant administrator are:

- Responsibility for the administration and fiscal management of grants and awards;
- Coordinating and managing application processes, from application receipt to close-out for grants and awards;
- Ensuring grant money is used according to the terms of the grant;
- Maintaining records of grants, tracking funds/expenditures, and preparing reports;
- Reviewing grant programs to ensure adherence to federal and state guidelines; and
- Filing of all Federal Transit Administration and National Transit Database monthly and annual reports.

As of late 2022, the hiring processes for both positions were ongoing.

Common carrier reservation adjustment

In March, the Board approved a request to adjust the summer bulk freight reservations of a common carrier that serves both Martha's Vineyard and Nantucket. The carrier submitted its 2022 summer bulk reservation requests late for both routes; as a result, the requests for this carrier were processed after all of the on-time bulk reservation requests, per the Authority's policy. This resulted in the carrier receiving its reservations on the Vineyard route, albeit at times that they did not initially request.

On the Nantucket route, however, the carrier did not receive over one-third of the reservations for its larger class of trucks based on its usage in 2021 during the same time period. That reduction had the potential to affect a considerable number of individuals and businesses on Nantucket because this carrier delivers to individual homes and businesses on most days.

Therefore, management proposed adding this carrier to trips that have available space and, if necessary, prioritize them on the wait list. Staff would also review the vessel allocations to see if further adjustments could be made, such as combining multiple smaller truck spaces into a larger truck space.

Barge freight service to Nantucket approved

In April, the Board approved a license request by 41 North Offshore LLC (41N) to operate a tug-and-barge freight service pilot program between New Bedford and Nantucket. 41N partnered with the United Parcel Service (UPS) for the pilot, with UPS engaged as the initial seed customer.

The pilot was to run over a five-month period from mid-May 2022 until mid-October 2022 and consist of up to 70 round trips, each trip carrying an average of three tractor-trailer-equivalent units. Loading and off-loading in New Bedford was to occur at the Fish Island Terminal, located on Fish Island in New Bedford Harbor, and on Nantucket at the Authority's Nantucket Terminal.

In October, the Board voted to extend the license through December 31, 2022, on an on-demand basis only.

2022 OVERVIEW

2023 Operating Schedules and public hearing

Following the advertisement of its proposed 2023 Summer and Fall Operating Schedules in April, the Authority received a petition from 160 Falmouth residents asking that the Authority hold a public hearing on the proposed schedules pursuant to Section 15A of the Authority's Enabling Act, which requires a petition of no fewer than 50 residents to hold such a hearing. The Authority conducted the hearing on June 8, 2022, via Zoom videoconferencing.

Following the hearing, staff issued a draft report recommending that the Authority maintain its original proposed summer 2023 operating schedules for the Martha's Vineyard route, which include a 5:30 a.m. freight trip originating in Woods Hole. That trip was the focus of the vast majority of comments received about the proposed operating schedules. The Board voted to approve the 2023 Summer and Fall operating schedules for the Nantucket route at its July meeting. Then, at its September meeting, the Board voted to approve the 2023 Summer and Fall operating schedules for the Vineyard route, as well as a report on the schedules issued in response to the petition and as required under the Enabling Act.

Strategic planning award

On July 6, 2022, the Authority issued a Request for Proposals from consulting firms to develop a strategic plan for the Authority, with significant input from the Board, Port Council, staff, constituent communities, and other stakeholders. The goal was to provide the Authority with medium- and long-term decision-making guidance and a basis for measuring organizational performance, as recommended by HMS Consulting, Glosten Associates, and Rigor Analytics in the report they issued in December 2018 on their comprehensive review of the Authority's operations.

Following a review of the five consulting proposals received, staff recommended the contract be awarded to Raftelis Financial Consultants of Cincinnati, Ohio, upon the completion of satisfactory contract negotiations. At its December meeting, the Board voted to approve that recommendation, and the strategic planning process was to begin in 2023.

Safety fair launches a new approach to training

In collaboration with its employee union groups, in October the Steamship Authority launched a two-week safety fair for its employees. The fair allowed the Authority to batch important trainings, such as the oil spill response course, customer service, and first aid, among many others, over multiday sessions instead of scheduling them individually. Employee feedback from the approach was overwhelmingly positive, and the Authority plans to repeat the approach twice a year moving forward.

Repairs, dredging approved for Nantucket Terminal bulkhead

In October, the Board authorized a contract award to AGM Marine Contractors of Mashpee, Massachusetts, to dredge in front of the east bulkhead of the Nantucket Terminal to clear accumulated spoils from barging operations by the Authority's customers. The initial plans called for dredging 3,125 cubic yards of material; however, due to the length of time that would be required to obtain federal permits for that amount of work, the dredging amount was lowered to 2,026 cubic yards of material. AGM positioned their equipment on Nantucket in December in anticipation of receiving approval for the work by the U.S. Army Corps of Engineers, and the work was completed in early January 2023.

Also at the October meeting, the Board authorized a second contract to AGM Marine Contractors for repairs to the bulkhead along the terminal's east face, where barges dock to unload materials. The wooden fendering along the face was severely worn and damaged. The concrete sheet pile cap was also damaged and was to be restored with new concrete. Ultra-high molecular weight polyethylene (UHMW), which is an extremely tough plastic with high abrasion and wear resistance, was to be added to the wooden fenders and the concrete sheet pile cap to protect them.

The bulkhead repairs began in December 2022 and were scheduled to be completed in early 2023.

2022 OVERVIEW

Preferred Space Program updates for 2023

Following requests to increase the amount of preferred space for island residents, Authority staff reviewed the daily allocations of preferred spaces on all routes and considered several issues, including: the total overall amount of preferred spaces allocated per day throughout the year; the distribution of total preferred spaces between those available seven days versus one day in advance of the dates of departure; the distribution of preferred spaces initially designated as over-height preferred spaces for vehicles that require center space; and the distribution of regular and over-height preferred spaces among scheduled trips throughout the operating day.

Of the preferred spaces on the Vineyard route, 82.8% of seven-day preferred spaces were used, on average, during the summer schedule, and 39.2% of one-day preferred spaces during the same time. Of the preferred spaces on the Nantucket route, 52% of seven-day preferred spaces were used, on average, during the summer schedule.

Thus, staff did not recommend increasing the number of overall preferred spaces in 2023. However, on the Vineyard route, the Authority will reallocate some of the spaces from less-popular trips to more in-demand trips. The Authority also will convert additional spaces to a 30-day preferred space during the summer schedule to help Vineyard residents with long-range planning needs. Additionally, the Authority will return to the original policy of any unused spaces going back to the general public at noon the day before departure for unused preferred space.

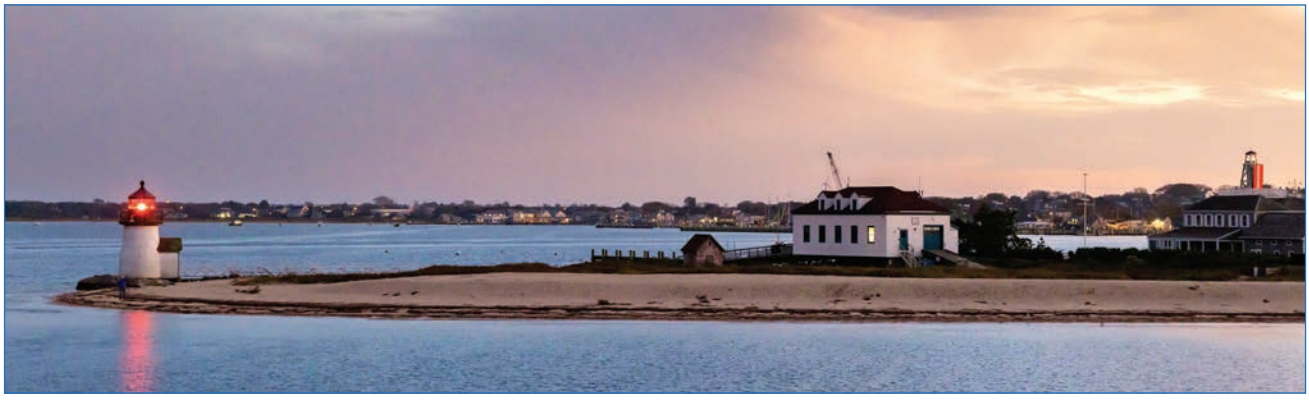
The changes to the Preferred Space Program were announced in October and will take effect in 2023.

Personnel announcements

In July, the Board approved a three-year extension of the Authority's employment contract with General Manager Robert B. Davis. Mr. Davis has held many positions of increasing responsibility at the Authority since 1986 before being named general manager in 2016 and assuming his current duties and responsibilities on July 1, 2017.

Bridget L. Sullivan

In December, the Authority welcomed Bridget L. Sullivan as its new Health, Safety, Quality, and Environmental manager. Ms. Sullivan holds a Bachelor of Science in Marine Safety and Environmental Protection, as well as a Master of Science in Emergency Management, from Massachusetts Maritime Academy. She joined the Authority after three years at Clean Harbors Environmental Services as an Environmental Compliance Manager. Her experience also included 10 years with Royal Caribbean Cruise Lines, where she served as a shipboard environmental officer.



Embarkation fee report

The Authority collected town-mandated ferry embarkation fees totaling $1,049,420.50 from passengers traveling on its vessels during 2022.

A state law passed in 2003 allows any city or town in Barnstable, Dukes, Nantucket and Bristol counties to accept a provision that requires the Authority and certain other private ferry operators to impose a 50-cent-per-person ferry embarkation fee for travel originating from its community. The law exempts specific passengers from the town-mandated fee, including certain island residents traveling at excursion rates, commuters using ticket books and those traveling in school-related groups.

The law also exempts passengers carried on ferry boats that are licensed by the U.S. Coast Guard to transport no more than 100 passengers.

The fees collected under the statute by the various ferry operators are distributed to the respective municipalities through the Massachusetts Department of Revenue. The statute requires each city or town to deposit the monies received into a special fund "to be solely appropriated for the purpose of mitigating the impacts of ferry service on the city or town. Monies deposited may be appropriated for services including, but not limited to, providing harbor services, public safety protection, emergency services or infrastructure improvements within and around the harbor."

The ferry embarkation fees collected by the Authority were distributed through the Massachusetts Department of Revenue to the following port towns that have accepted the provisions of the statute:

	2022	TOTAL 2004-2022
BARNSTABLE*	$ 94,310.25	$ 1,565,610.75
FALMOUTH	402,585.00	6,903,199.00
NANTUCKET	126,111.00	2,074,942.00
OAK BLUFFS	128,505.50	2,042,867.50
TISBURY	266,472.00	4,761,606.50
YARMOUTH**	31,436.75	521,870.25

* 75% of fees collected from passengers departing from the town of Barnstable

** 25% of fees collected from passengers departing from the town of Barnstable

By the end of 2022, a total of $17,870,096 in ferry embarkation fees had been collected from passengers traveling on the Authority's vessels and distributed to the Authority's port towns over the last 19 years pursuant to the provisions of chapter 46 of the Acts of 2003, as amended by chapter 55 of the Acts of 2003 and chapter 65 of the Acts of 2004.

2022 OVERVIEW

Employees are the lifeblood at any company, and the Steamship Authority is particularly lucky to have such a strong contingent of staff who have chosen to share their talents with the company and its customers. The Authority celebrates the employees who marked service anniversaries in 2022 and wishes fair winds and following seas to those who retired.

2022 Years of Service Awards

45 YEARS
James Sepanara
Brendan Smith
Ryan Young

40 YEARS
Joseph Frisino III
Barry Fuller Jr.
Kevin Radford

35 YEARS
Albert Brox II
William Goyette
Stephen Lopes
Heather Mackey
Joseph Nickowal
Bernardino Ramos

30 YEARS
Peter Midurski
Kathleen Stacy
Stephanie Teller

25 YEARS
Sean Burke
Shirley Delucca
William Duane
Laura Kelly
Walter Jacobson
Mark Jardin
Robert Malavase
William Mayo
Curtis Van Riper
Kevin Varricchio
Lawrence Worthington

20 YEARS
Philip Aylward
Paul Griffiths
Margaret Nickerson
Michael Powers
Rebecca Rogers
Roy Smith
Shane Williams

2022 Retirements

Raymond Oliver Jr., 46 years
Kevin Radford, 40 years
Lorin Clarkson, 36 years
Bruce Demers, 34 years
Mark Glavin, 34 years
Peter Flaherty, 34 years
Debra Lyons, 33 years
Stanford Dennison III, 30 years
Gerald Jenkins, 29 years
Gerald Sylvia, 28 years
John Stanton, 27 years
William Duane, 25 years
William Mayo, 25 years
Lawrence Worthington, 25 years
Glenn Ferreira, 24 years
Donald Anderson, 23 years
Neal Kanter, 23 years
Paul Griffiths, 21 years
Kevin McNeil, 21 years
Madalena Williams, 20 years

Eight Bells – In Memoriam

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The striking of eight bells at noon harkens back to the days of sail, when time was kept by a trickle of sand through a half-hour glass. One bell was rung for each passing half hour to help keep track of watches while at sea. At the end of a four-hour watch, with the striking of eight bells, the watch would change.

Eight bells – the end of watch – can also mark a seaman's death, meaning a sailor has finished their final watch.

The Steamship Authority is blessed to have many longtime employees on both the water and the land. Those who finished their final watch in 2022 are remembered here, as well as on the Authority's website at SteamshipAuthority.com/eightbells.

Joseph E. Knizewski,
two-month employee,
vessel maintenance manager

Osvaldo R. Monteiro,
14-year employee, captain

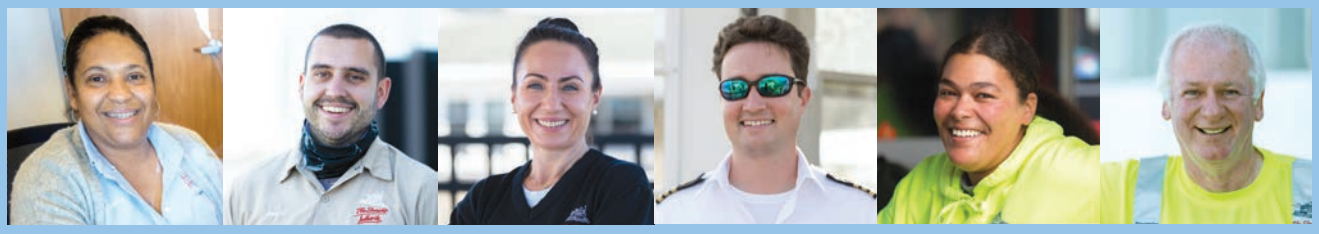
George J. Balco Jr.,
12-year Port Council member
representing Tisbury, retired 2020

Lawrence S. Ferreira,
15-year employee, retired 2020

William J. Walsh Jr.,
39-year employee, retired 2012

Robert V. Huss,
16-year Port Council member
representing Oak Bluffs, retired 2020

Robert H. Clark,
29-year employee,
retired 1996



A word of thanks to our employees

If there is such a thing as a normal year in our post-pandemic world, 2022 may have been one. Interest in travel to and from the islands of Martha's Vineyard and Nantucket was strong, walk-on passengers came back to our vessels for their day trips, and island residents were taking advantage of their excursion rates to travel to the mainland. It was remarkably unremarkable, a pleasant change from the tumult of the last few years.

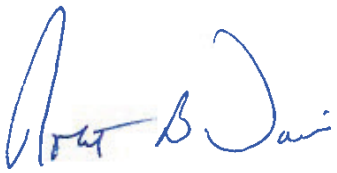
That is not to say that we accomplished nothing of note in 2022 – far from it. Welcoming a new vessel into the Authority's fleet is always cause for celebration, and this year we set in motion a celebration like we have never seen before. Our Board authorized the purchase of three used offshore oil vessels (OSVs), which we renamed the *M/V Aquinnah*, *M/V Monomoy*, and *M/V Barnstable*. These vessels are set to replace our three open-decked freight vessels – the *M/V Gay Head*, *M/V Katama*, and *M/V Sankaty* – as key pieces to our lifeline service to the Islands. Accomplishing these purchases and securing federal funding for their refurbishment and reactivation was a true team effort, and I cannot thank our employees enough for their assistance during this process.

We continued our important work on the Woods Hole Terminal Reconstruction Project with the conclusion of the marine work and first stages of the landside portion of the project. We continued the electrification of our bus fleet after the Board authorized the purchase of four additional 40-foot low-floor electric transit buses and two 24-foot electric shuttle buses to service the Hyannis Terminal.

In 2022, we ran our annual survey to identify how travelers rated their experience with the Steamship Authority. Overall, 71% of travelers rated their experience as "very good" or "excellent" in 2022, and another 23% rated it "satisfactory." Some ways in which we are working to improve those figures include customer service improvements such as creating a new 30-day preferred space option for island travelers, and the ongoing project to redevelop our website and design our first mobile app.

We have more work ahead of us, including the development of a strategic plan and the addition of key administrative personnel. I am excited to continue this voyage together and to work as a team providing high-quality service day in, day out to the Islands.

Thank you, as always, for your hard work and commitment.



Robert B. Davis
General Manager

2022 TRAFFIC STATISTICS

Passengers Carried

Number of passengers carried from each port during 2022

FROM: / TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		866,815	290,510	13	
VINEYARD HAVEN	891,105				
OAK BLUFFS	278,916				
NANTUCKET	19				286,859
HYANNIS				289,291	
TOTAL: 2022	1,170,040	866,815	290,510	289,304	286,859
TOTAL: 2021	1,110,244	826,840	258,628	265,104	266,740
CHANGE:	5.4%	4.8%	12.3%	9.1%	7.5%

Passengers Carried and Revenue – 2022 vs. 2021

	NUMBER OF PASSENGERS			TICKETED REVENUE FROM PASSENGERS CARRIED*			AVERAGE REVENUE PER PASSENGER		
MONTH	2021	2022	CHANGE	2021	2022	CHANGE	2021	2022	CHANGE
JANUARY	96,741	99,255	2.6%	$ 890,015	$ 922,370	3.6%	$ 9.20	$ 9.29	1.0%
FEBRUARY	90,626	106,324	17.3%	825,774	943,004	14.2%	9.11	8.87	-2.6%
MARCH	119,577	127,585	6.7%	1,104,061	1,161,586	5.2%	9.23	9.10	-1.4%
APRIL	178,452	197,238	10.5%	1,937,132	2,219,563	14.6%	10.86	11.25	3.6%
MAY	247,717	264,683	6.8%	2,830,848	2,950,713	4.2%	11.43	11.15	-2.4%
JUNE	297,410	320,307	7.7%	3,417,347	3,692,055	8.0%	11.49	11.53	0.3%
JULY	412,418	428,551	3.9%	4,806,922	5,032,752	4.7%	11.66	11.74	0.7%
AUGUST	401,176	430,791	7.4%	4,639,164	5,130,516	10.6%	11.56	11.91	3.0%
SEPTEMBER	302,482	321,083	6.1%	3,553,134	3,844,216	8.2%	11.75	11.97	1.9%
OCTOBER	244,972	256,014	4.5%	2,861,540	2,973,941	3.9%	11.68	11.62	-0.5%
NOVEMBER	177,330	185,845	4.8%	1,979,857	2,139,501	8.1%	11.16	11.51	3.1%
DECEMBER	158,655	165,852	4.5%	1,876,237	1,968,254	4.9%	11.83	11.87	0.3%
TOTAL	**2,727,556**	**2,903,528**	**6.5%**	**$ 30,722,031**	**$ 32,978,471**	**7.3%**	**$11.26**	**$ 11.36**	**0.9%**

*Ticketed revenue from passengers carried differs from passenger revenue in the financial statements due to classification and timing differences.

Automobiles Carried

Number of automobiles carried from each port during 2022

FROM:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
TO:					
WOODS HOLE		169,138	41,134		
VINEYARD HAVEN	167,616				
OAK BLUFFS	43,571				
NANTUCKET					35,021
HYANNIS				34,368	
TOTAL: 2022	211,187	169,138	41,134	34,368	35,021
TOTAL: 2021	216,471	176,961	39,244	36,063	36,816
CHANGE:	-2.4%	-4.4%	4.8%	-4.7%	-4.9%

Automobiles Carried and Revenue – 2022 vs. 2021

	NUMBER OF AUTOMOBILES			TICKETED REVENUE FROM AUTOMOBILES CARRIED*			AVERAGE REVENUE PER AUTOMOBILE		
MONTH	2021	2022	CHANGE	2021	2022	CHANGE	2021	2022	CHANGE
JANUARY	31,846	30,086	-5.5%	$ 1,630,255	$ 1,504,097	-7.7%	$ 51.19	$ 49.99	-2.3%
FEBRUARY	29,166	31,114	6.7%	1,461,559	1,505,648	3.0%	50.11	48.39	-3.4%
MARCH	37,430	37,617	0.5%	1,971,896	1,893,355	-4.0%	52.68	50.33	-4.5%
APRIL	47,345	45,734	-3.4%	3,681,356	3,467,405	-5.8%	77.76	75.82	-2.5%
MAY	54,454	52,531	-3.5%	5,166,819	4,836,313	-6.4%	94.88	92.07	-3.0%
JUNE	60,279	58,522	-2.9%	6,582,869	6,175,668	-6.2%	109.21	105.53	-3.4%
JULY	71,999	72,038	0.1%	8,517,194	8,395,985	-1.4%	118.30	116.55	-1.5%
AUGUST	74,221	70,244	-5.4%	8,725,829	8,079,342	-7.4%	117.57	115.02	-2.2%
SEPTEMBER	64,011	62,043	-3.1%	6,448,298	6,173,258	-4.3%	100.74	99.50	-1.2%
OCTOBER	54,797	54,421	-0.7%	4,499,381	4,414,191	-1.9%	82.11	81.11	-1.2%
NOVEMBER	46,387	45,322	-2.3%	2,518,302	2,451,359	-2.7%	54.29	54.09	-0.4%
DECEMBER	41,044	40,468	-1.4%	2,069,818	2,008,708	-3.0%	50.43	49.64	-1.6%
TOTAL	**612,979**	**600,140**	**-2.1%**	**$ 53,273,576**	**$ 50,905,329**	**-4.4%**	**$ 86.91**	**$ 84.82**	**-2.4%**

*Ticketed revenue from automobiles carried differs from automobile revenue in the financial statements due to classification and timing differences.

2022 TRAFFIC STATISTICS
(CONTINUED)

Trucks Carried

Number of trucks carried from each port during 2022

FROM: / TO:	WOODS HOLE	VINEYARD HAVEN	OAK BLUFFS	NANTUCKET	HYANNIS
WOODS HOLE		66,293	7,658	17	
VINEYARD HAVEN	66,152				
OAK BLUFFS	8,533				
NANTUCKET	23				28,287
HYANNIS				27,562	
TOTAL: 2022	74,708	66,293	7,658	27,579	28,287
TOTAL: 2021	72,752	64,643	7,341	26,780	27,363
CHANGE:	2.7%	2.6%	4.3%	3.0%	3.4%

Trucks Carried and Revenue – 2022 vs. 2021

	NUMBER OF TRUCKS			TICKETED REVENUE FROM TRUCKS CARRIED*			AVERAGE REVENUE PER TRUCK		
MONTH	2021	2022	CHANGE	2021	2022	CHANGE	2021	2022	CHANGE
JANUARY	5,805	5,427	-6.5%	$ 1,861,347	$ 1,679,759	-9.8%	$ 320.65	$ 309.52	-3.5%
FEBRUARY	5,310	5,754	8.4%	1,702,592	1,833,497	7.7%	320.64	318.65	-0.6%
MARCH	7,025	7,405	5.4%	2,208,543	2,315,973	4.9%	314.38	312.76	-0.5%
APRIL	8,291	8,288	0.0%	2,679,112	2,641,733	-1.4%	323.13	318.74	-1.4%
MAY	8,727	9,236	5.8%	2,758,200	2,881,707	4.5%	316.05	312.01	-1.3%
JUNE	9,516	9,983	4.9%	2,990,373	3,122,033	4.4%	314.25	312.73	-0.5%
JULY	9,454	9,409	-0.5%	2,956,785	2,908,560	-1.6%	312.75	309.13	-1.2%
AUGUST	8,977	10,054	12.0%	2,774,310	3,114,078	12.2%	309.05	309.74	0.2%
SEPTEMBER	8,242	8,640	4.8%	2,515,971	2,640,362	4.9%	305.26	305.60	0.1%
OCTOBER	6,952	7,724	11.1%	2,140,098	2,366,320	10.6%	307.84	306.36	-0.5%
NOVEMBER	6,644	6,951	4.6%	2,034,892	2,058,763	1.2%	306.28	296.18	-3.3%
DECEMBER	6,512	6,362	-2.3%	2,021,621	1,955,395	-3.3%	310.45	307.36	-1.0%
TOTAL	**91,455**	**95,233**	**4.1%**	**$ 28,643,844**	**$ 29,518,180**	**3.1%**	**$ 313.20**	**$ 309.96**	**-1.0%**

* Ticketed revenue from trucks carried differs from freight revenue in the financial statements due to classification and timing differences.

A 10-YEAR TRAFFIC HISTORY

Passengers Carried

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2013	2,263,708	582,983	**2,846,691**
2014	2,287,999	605,852	**2,893,851**
2015	2,378,303	644,787	**3,023,090**
2016	2,466,757	660,547	**3,127,304**
2017	2,466,548	592,501	**3,059,049**
2018	2,435,308	620,039	**3,055,347**
2019	2,425,787	578,649	**3,004,436**
2020	1,687,833	379,468	**2,067,301**
2021	2,195,712	531,844	**2,727,556**
2022	2,327,346	576,182	**2,903,528**

Vehicles Under 20' in Length Carried

(including automobiles, pickup trucks, vans, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2013	462,148	79,928	**542,076**
2014	466,900	82,308	**549,208**
2015	475,286	84,215	**559,501**
2016	496,785	86,086	**582,871**
2017	500,154	85,418	**585,572**
2018	502,117	84,668	**586,785**
2019	502,893	84,387	**587,280**
2020	449,380	80,942	**530,322**
2021	520,890	92,089	**612,979**
2022	510,862	89,278	**600,140**

Vehicles 20' and Over in Length Carried

(including trucks, trailers, buses, campers, etc.)

	MARTHA'S VINEYARD	NANTUCKET	TOTAL
2013	45,638	26,720	**72,358**
2014	47,344	27,707	**75,051**
2015	49,069	29,588	**78,657**
2016	50,343	31,584	**81,927**
2017	52,305	32,936	**85,241**
2018	53,449	33,370	**86,819**
2019	53,366	33,672	**87,038**
2020	47,999	30,456	**78,455**
2021	56,522	34,933	**91,455**
2022	59,233	36,000	**95,233**

STEAMSHIP AUTHORITY

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

YEARS ENDED
DECEMBER 31, 2022 AND 2021

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RSM US LLP

To the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Woods Hole, Martha's Vineyard, and Nantucket Steamship Authority (the Authority), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to the Multiemployer Pension Plans; OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios; and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RSM US LLP

Boston, Massachusetts
May 10, 2023

As management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority or Steamship Authority), we offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2022, 2021 and 2020. The Steamship Authority is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (the Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Enabling Act), "in order to provide adequate transportation of persons and necessaries of life for the islands of Nantucket and Martha's Vineyard."

Overview of the Financial Statements

This overview and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special-purpose governmental entity engaged in only business-type activities. After the adoption of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* in the fiscal year 2020, its financial statements consist of those required for enterprise funds, non-union pension fiduciary fund and the related notes. The Authority's basic financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows. In addition to the basic financial statements, this report includes the fiduciary fund financial statements, notes to the financial statements and also contains required supplementary information (RSI) pertaining to the pension plans and the other postemployment benefit plan (OPEB) of the Authority.

The statements of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position consists of three sections reported as: net investment in capital assets, restricted and unrestricted. The net investment in capital assets component of the net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the year with the difference, the net income or loss, being combined with any capital grants and contributions, income from special-purpose restricted funds and special items to determine the change in net position for the year. That change combined with the net position at the end of the previous year reconciles to the net position at the end of the current year.

The statements of cash flows report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital and related financing activities and investing activities. The net results of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The basic financial statements can be found on pages 25-62 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI. RSI contains data related to the Authority's defined benefit pension plan, OPEB plan provided to its employees and contributions made to the multiemployer plans. The RSI can be found on pages 63-68 of this report.

Condensed Financial Information

Condensed financial information from the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, are as follows:

	2022	2021* (as restated)	2020
Current assets	$ 28,357,805	$ 24,598,077	$ 19,396,899
Special-purpose restricted funds	50,633,788	29,797,224	32,161,486
Capital assets, net	235,028,718	222,565,831	213,671,051
Other noncurrent assets	328,096	437,714	239,862
Total assets	314,348,407	277,398,846	265,469,298
Deferred outflows of resources	5,071,376	5,514,938	7,561,781
Total assets and deferred outflows of resources	$ 319,419,783	$ 282,913,784	$ 273,031,079
Current liabilities	$ 21,849,295	$ 23,644,833	$ 17,019,866
Liabilities payable from special-purpose restricted funds	41,997,911	8,384,302	9,013,346
Noncurrent liabilities	86,793,467	99,370,800	116,269,355
Total liabilities	150,640,673	131,399,935	142,302,567
Deferred inflows of resources	7,007,147	7,295,547	1,262,408
Net position:			
Net investment in capital assets	145,426,675	137,425,102	130,949,143
Restricted	32,050,862	28,637,155	23,068,633
Unrestricted deficit	(15,705,574)	(21,843,955)	(24,551,672)
Total net position	161,771,963	144,218,302	129,466,104
Total liabilities, deferred inflows of resources, and net position	$ 319,419,783	$ 282,913,784	$ 273,031,079
Operating income (loss):			
Total operating revenues	$ 131,169,673	$ 128,239,112	$ 97,880,974
Total operating expenses	(120,090,634)	(113,742,730)	(108,635,362)
Operating income (loss)	11,079,039	14,496,382	(10,754,388)
Nonoperating (expenses) revenues:			
Interest on bonds and other obligations	(2,022,426)	(2,302,850)	(935,766)
Income from special-purpose restricted funds	653,943	24,805	137,379
Operating grant income	3,756,532	300,096	13,292,353
Miscellaneous revenue	3,033,000	2,123,797	1,085,396
Miscellaneous expense	(16,580)	(32,786)	(318,267)
Nonoperating (expenses) revenues	5,404,469	113,062	13,261,095
Income before capital grants and contributions	16,483,508	14,609,444	2,506,707
Capital grants and contributions	1,070,153	142,754	-
Change in net position	17,553,661	14,752,198	2,506,707
Net position—beginning of year			
Restatement due to the adoption of GASB 87	144,218,302	129,466,104	126,959,397
Net position—end of year	$161,771,963	$ 144,218,302	$ 129,466,104

* Restated for cumulative effect of change in accounting principle pertaining to the implementation of GASB Statement No. 87, *Leases*. Refer to Note 12 in the financial statements.

Condensed financial information from the fiduciary statements of net position and statements of changes in the fiduciary net position for the years ended December 31, are as follows:

	Non-Union Pension Fund		
	2022	2021	2020
ASSETS			
Total assets	$ 34,157,953	$ 39,292,051	$ 36,583,085
NET POSITION			
Restricted for pensions	34,157,953	39,292,051	36,583,085
Total Net Position	$ 34,157,953	$ 39,292,051	$ 36,583,085

	Non-Union Pension Fund		
	2022	2021	2020
Total additions	$ (3,084,090)	$ 4,805,356	$ 5,710,934
Total deductions	2,050,008	2,096,390	1,339,495
Change in net postion	(5,134,098)	2,708,966	4,371,439
Restricted net postion - beginning of year	39,292,051	36,583,085	32,211,646
Restricted net position - end of year	$ 34,157,953	$ 39,292,051	$ 36,583,085

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2022 and 2021

The Authority's operations in 2022 saw improvements over 2021, which was still recovering from the impacts of the coronavirus pandemic, such as stay at home orders and social distancing requirements. The number of automobiles carried in 2022 decreased compared to the prior year, while the trucks and passengers carried saw increases from the prior year. The number of passengers carried in 2022 was approaching pre-pandemic levels. As a result of the increases in passenger and truck ridership and decrease in automobile ridership, the corresponding revenue categories increased and decreased as well.

The Authority's total assets and liabilities were $314,348,407 and $150,640,673, respectively, as of December 31, 2022, as compared to $277,398,846 and $131,399,935, respectively, at December 31, 2021. The Authority's deferred outflows of resources were $5,071,376 and $5,948,314, for the years ended December 31, 2022 and 2021, respectively. The Authority's deferred inflows of resources were $7,007,147 and $7,728,923, for the years ended December 31, 2022 and 2021, respectively. The net position as of December 31, 2022, was $161,771,963, a 12.2% increase from the prior fiscal year-end.

The increase in total net position was $17,553,661 for the year ended December 31, 2022, up $2,801,463 from the $14,752,198 increase in total net position posted in 2021. Income before capital grants and contributions in 2022 was up $1,874,064, or 12.8%, when compared to the prior year.

The increase in income before capital grants and contributions was primarily attributed to a $2,930,561, or 2.3% increase in the Authority's operating revenue, and a $6,347,904, or 5.6% increase in the Authority's operating expense, offset by an increase in operating grant income of $3,456,436 and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2022, the Steamship Authority was awarded grants under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and Ferry Boat Formula Grant Program. These awards are recorded under the heading grants and contributions in the statement of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2022 were $131,169,673. Total operating revenues increased by $2,930,561, or 2.3%, for the year ended December 31, 2022.

The number of passengers carried increased by 175,972, or 6.5%, in 2022 from 2021. Ridership on the conventional service increased by 126,240 riders, or 5.2%, while passenger traffic carried on the M/V Iyanough increased by 49,732 passengers, or 18.0%, for the year as compared to 2021. In addition, the average revenue per passenger increased from $11.44 in 2021 to $11.51 in 2022, due mostly to the increase in riders on the high-speed service. Total passenger revenues in 2022 were $33,424,462, an increase of 7.1% versus the previous year.

The number of automobiles carried decreased by 14,707, or 2.9%, in 2022 from 2021. The average revenue per automobile decreased from $88.09 in 2021 to $85.66 in 2022, due in part to the mix between standard and excursion fared automobiles. Total automobile revenues in 2022 were $42,047,334, a decrease of 5.6% versus the previous year.

FINANCIAL ANALYSIS…continued

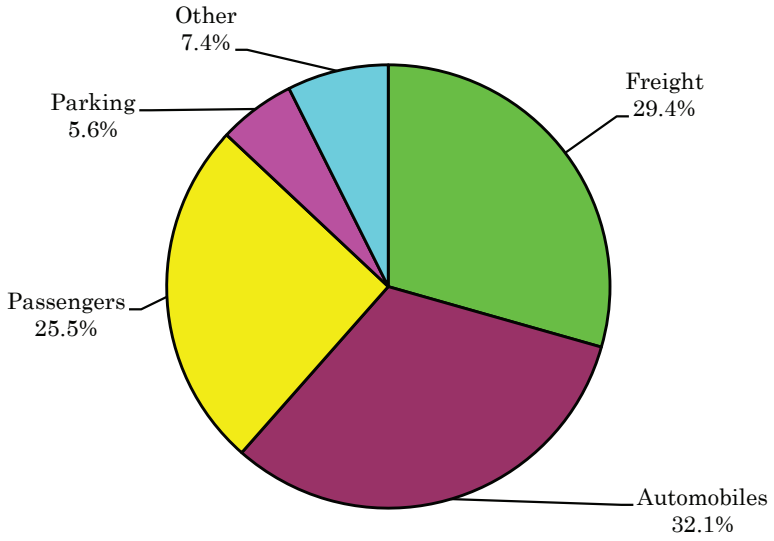
Operating Revenues…continued

The number of trucks carried increased by 5,646, or 2.8%, in 2022 from 2021 traffic levels. The average revenue per truck decreased from $189.34 in 2021 to $188.90 during 2022, due in part to a greater increase in trucks to Martha's Vineyard compared to Nantucket. Total freight revenues in 2022 were $38,635,331, an increase of 2.6% versus the previous year.

Parking revenue in 2022 increased by $191,729 from 2021. The total number of cars parked increased by 9,276, or 5.9%, from 2021. Total parking revenues in 2022 were $7,386,492, an increase of 2.7% versus the previous year.

Other miscellaneous operating revenues increased by $2,037,840, or 26.7%, in 2022, primarily due to increases in license fees and penalty revenue.

The major sources of operating revenues for the year ended December 31, 2022, were as follows:



FINANCIAL ANALYSIS…continued

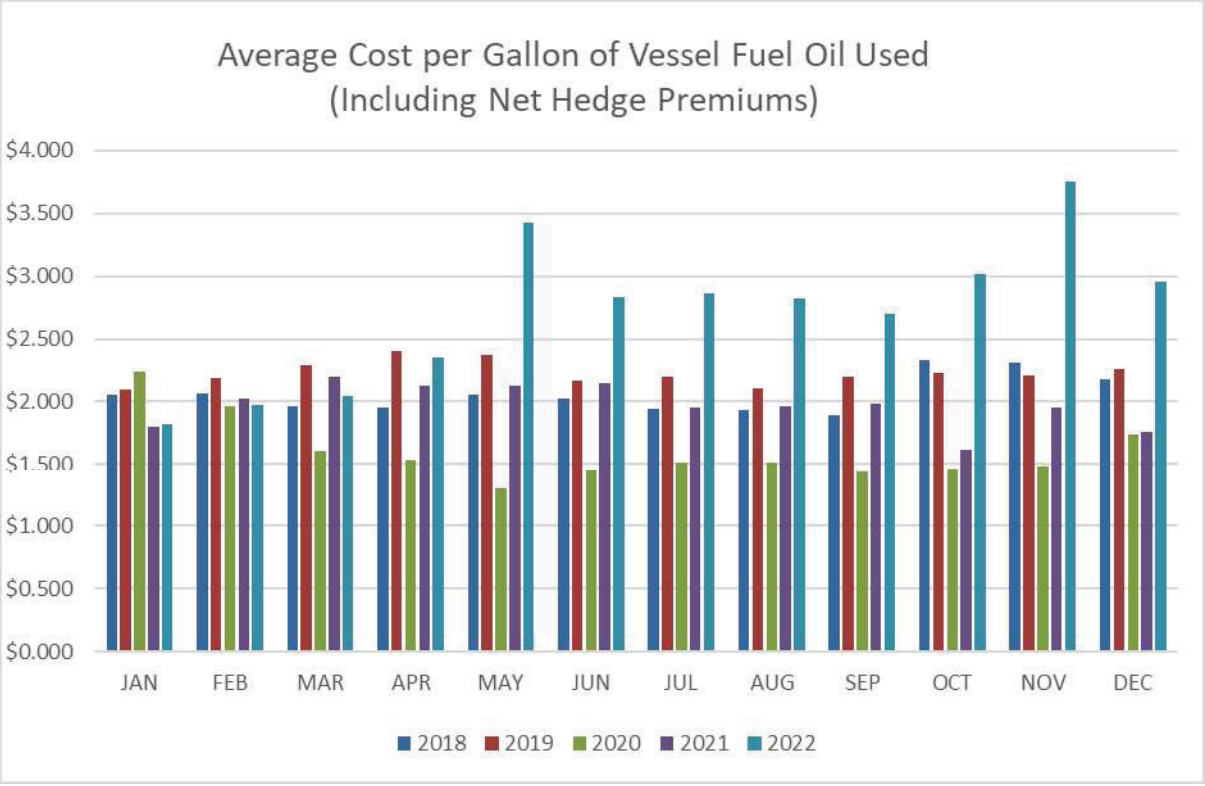
Operating Expenses

The Authority's total operating expenses in 2022 were $120,090,634; in 2021, total operating expenses were $113,742,730. Total operating expenses in 2022 were $6,347,904, or 5.6% higher than the previous year. Increases in wages and benefits, fuel oil, depreciation, terminal maintenance, insurance, advertising and utilities expenses were offset by decreases in vessel maintenance costs.

Maintenance expense increased in 2022 versus 2021 by $2,378,658, or 11.1%. The increase was primarily attributable to vessel dry-dock expense increases of $618,425, increases in repairs to buildings and structures of $1,192,542, increases in computer maintenance of $253,253, increases in maintenance payroll expenses of $624,461 and increases in miscellaneous maintenance expenses of $152,604, offset by decreases in vessel overhaul expenses of $508,605.

Depreciation and amortization expense increased in 2022 versus 2021 by $1,030,956, or 7.0%. The increase is attributable to the addition of depreciation for the third phase of the Woods Hole Marine Project, vessel equipment, including fire detection systems and gyro compasses, spare engine for the M/V Woods Hole, new computer hardware and accelerating the depreciation of vessel equipment on the M/V Gay Head, M/V Katama and M/V Sankaty.

Vessel operating expenses increased by $3,402,832, or 12.9%, versus 2021 expenses. Vessel payroll expense in 2022 increased by $533,640, or 2.9%, versus 2021 payroll expense. Vessel fuel oil expense of $9,412,044 was $2,784,842, or 42.0%, higher in 2022 than in 2021. The average cost per gallon of fuel used operating, including hedge costs, in 2022 was $2.714, which represents an increase of 33.2% over the average cost per gallon of fuel used operating in 2021, of $2.038. In 2022, the Steamship Authority's vessels consumed approximately 3,384,000 gallons of fuel, an increase of 0.2% versus 2021.



FINANCIAL ANALYSIS…continued

Operating Expenses…continued

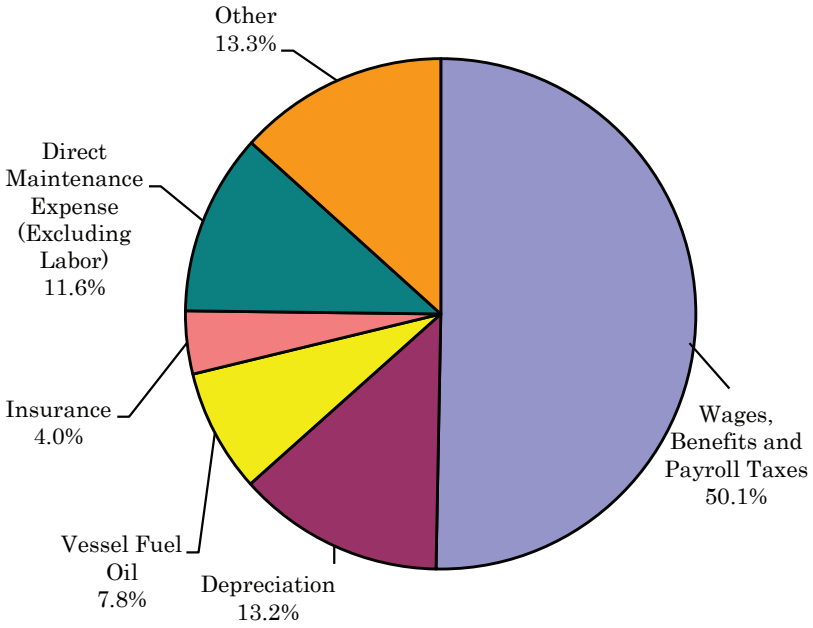
During 2022, the Authority operated 24,761 vessel trips, which represented an increase of 392 trips, or 1.6%, versus 2021.

Expenses related to terminal operations increased in 2022 versus 2021 by $809,905, or 6.4%. This increase was primarily attributed to a $467,518 increase in payroll expenses, an increase in uniform expenses of $74,681 and an increase in other terminal expenses of $224,621.

Expenses to operate reservations and customer service increased in 2022 versus 2021 by $65,659, or 2.4%. This increase was primarily attributed to an increase in advertising and other traffic expense of $179,047, offset by a decrease in payroll expense of $113,815.

General and administrative expense in 2022 decreased by $1,340,106, or 5.2%, versus 2021. In 2022, administration payroll expense increased by $233,844, or 5.8%, versus 2021. Overall pension expense decreased by $655,297, or 10.5%, versus 2021. Unemployment costs decreased by $939,864, or 82.0%; payroll taxes increased by $166,460, or 2.3%, consulting costs increased by $258,701, or 124.0%, hardware and supplies expense increased by $191,575, or 73.9%, and training expenses decreased by $411,711, or 38.9%, versus the prior year.

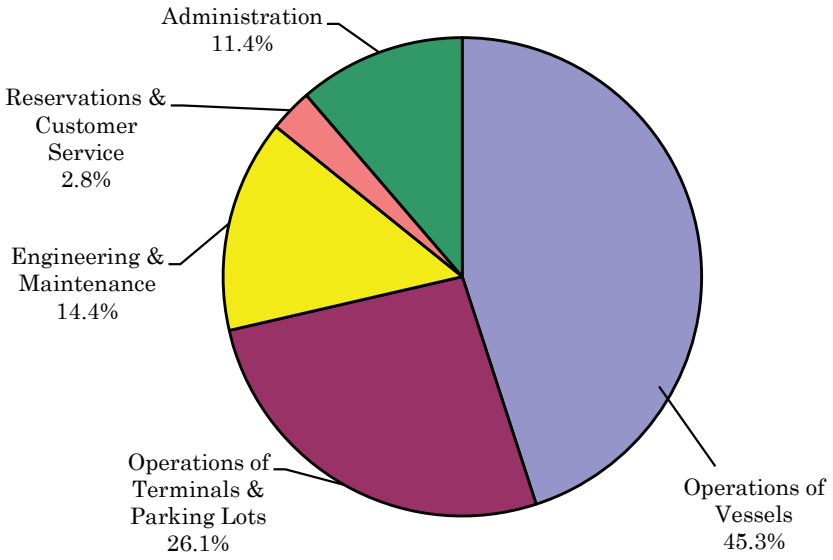
The major sources of operating expenses for the year ended December 31, 2022, were as follows:



FINANCIAL ANALYSIS…continued

Operating Expenses…continued

50.1% of the Authority's operating expenses in 2022 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2022 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating revenues in 2022 were $5,404,469, which was an increase of $5,291,407, or 4,680.1%, over the total nonoperating revenues of $113,062 in 2021. Expenses for interest on bonds and other obligations of $2,022,426 in 2022 was a decrease of $280,424 over the $2,302,850 in 2021. Income from special-purpose restricted funds of $653,943 in 2022 was an increase of $629,138 over the $24,805 in 2021. Miscellaneous revenue of $3,033,000 in 2022 increased by $909,203 over 2021, due mostly to an increase in license income. In 2022, license income was $2,907,046 compared to $2,072,785 in 2021, an increase of $834,261. Miscellaneous expenses in 2022 decreased by $16,206 as compared to 2021, primarily due to a decrease in miscellaneous income charges.

During 2022, the Steamship Authority was awarded grants under the CRRSAA through the FTA Section 5307 Urbanized Area Formula Program and Ferry Boat Formula Grant Program. These awards are recorded under the heading grants and contributions in the statement of revenues, expenses and changes in net position.

FINANCIAL ANALYSIS…continued

Comparison of Financial Condition at December 31, 2021 and 2020

The Authority's operations in 2021 saw improvements over 2020, which was significantly impacted as a result of the coronavirus pandemic due to the national shutdown, stay at home orders and social distancing requirements. The number of automobiles, trucks and passengers carried saw increases from the prior year, with the number of automobiles and trucks reaching pre-pandemic levels. As a result of the increase in ridership, the corresponding revenue categories increased as well.

The Authority's total assets and liabilities were $275,540,275 and $129,520,013, respectively, as of December 31, 2021, as compared to $265,469,298 and $142,302,567, respectively, at December 31, 2020. The Authority's deferred outflows of resources were $5,514,938 and $7,561,781, for the years ended December 31, 2021 and 2020, respectively. The Authority's deferred inflows of resources were $7,295,547 and $1,262,408, for the years ended December 31, 2021 and 2020, respectively. The net position as of December 31, 2021, was $144,239,653, an 11.4% increase from the prior fiscal year-end.

The increase in total net position was $14,773,549 for the year ended December 31, 2021, up $12,266,842 from the $2,506,707 increase in total net position posted in 2020. Income before grants and contributions in 2021 was $25,116,345, or 232.9% greater, when compared to the prior year.

The increase in income before grants and contributions was attributed to a $30,358,138, or 31.0%, increase in the Authority's operating revenue, offset by a $5,183,565, or 4.8%, increase in the Authority's operating expense and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2021, the Steamship Authority was awarded grants under the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2021 were $128,239,112. Total operating revenues increased by $30,358,138, or 31.0%, for the year ended December 31, 2021.

The number of passengers carried increased by 660,255, or 31.9%, in 2021 from 2020. Ridership on the conventional service increased by 527,322 riders, or 27.4%, while passenger traffic carried on the M/V Iyanough increased by 132,933 passengers, or 92.4%, for the year, as compared to 2020. In addition, the average revenue per passenger increased from $10.07 in 2020 to $11.44 in 2021, due mostly to the increase in riders on the high-speed service. Total passenger revenues in 2021 were $31,213,609, an increase of 49.9% versus the previous year.

The number of automobiles carried increased by 71,299, or 16.4%, in 2021 from 2020. The average revenue per automobile increased from $82.68 in 2020 to $88.09 in 2021, due in part to rate increases for standard and excursion fared automobiles, as well as the mix between standard and excursion fared automobiles. Total automobile revenues in 2021 were $44,536,341, an increase of 24.0% versus the previous year.

The number of trucks carried increased by 24,358, or 14.0%, in 2021 from 2020 traffic levels. The average revenue per truck increased from $173.57 in 2020 to $189.34 during 2021, due in part to rate increases for all truck sizes. Total freight revenues in 2021 were $37,656,184, an increase of 24.3% versus the previous year.

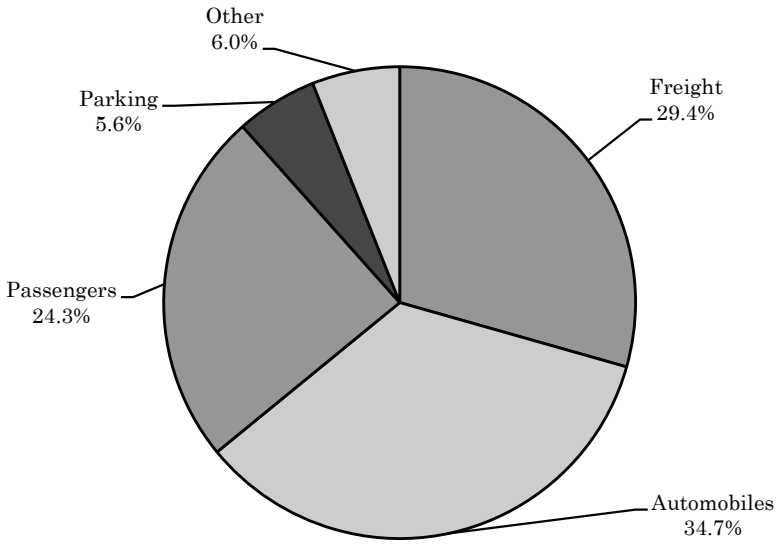
FINANCIAL ANALYSIS…continued

Operating Revenues…continued

Parking revenue in 2021 increased by $1,982,177 from 2020. The total number of cars parked increased by 54,840, or 53.2%, from 2020. Total parking revenues in 2021 were $7,194,763, an increase of 38.0% versus the previous year.

Other miscellaneous operating revenues increased by $1,991,557, or 35.3%, in 2021, primarily due to increases in license fees and penalty revenue.

The major sources of operating revenues for the year ended December 31, 2021, were as follows:



FINANCIAL ANALYSIS…continued

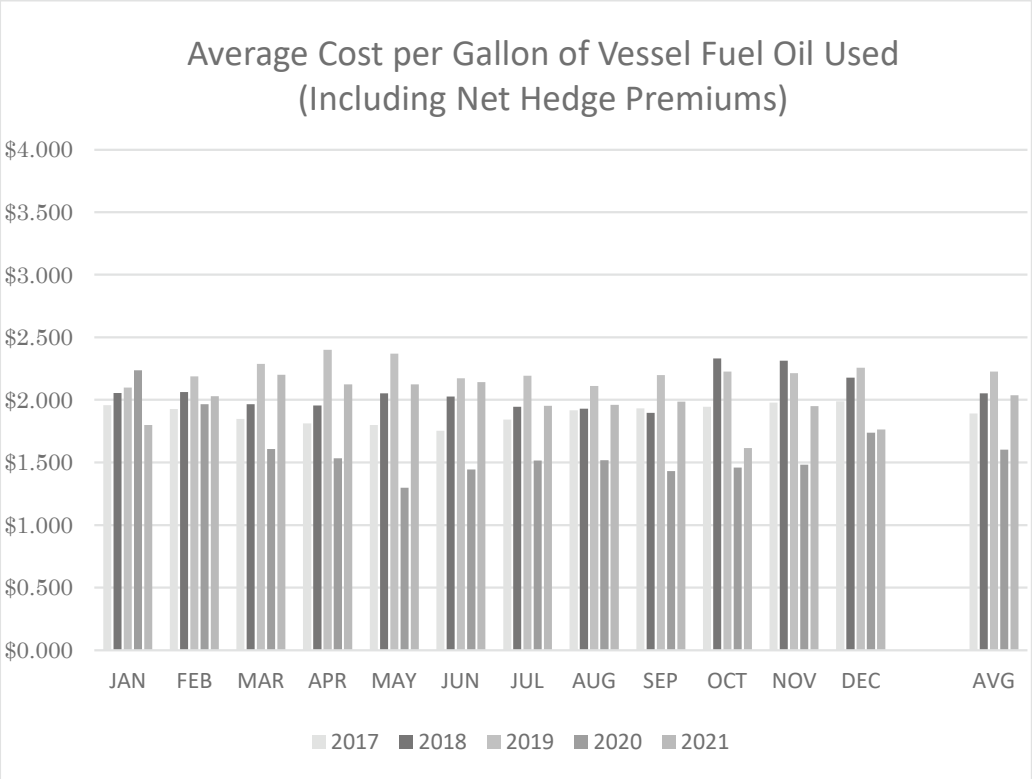
Operating Expenses

The Authority's total operating expenses in 2021 were $113,818,927; in 2020, total operating expenses were $108,635,362. Total operating expenses in 2021 were $5,183,565, or 4.8%, higher than the previous year. Increases in wages and benefits, fuel oil, depreciation, insurance, advertising and utilities expenses were offset by decreases in maintenance costs, legal expense and rent expense, compared to the prior year.

Maintenance expense decreased in 2021 versus 2020 by $2,399,891, or 10.0%. The decrease was primarily attributable to vessel dry-dock expense decreases of $2,643,754, decreases in engine parts expense of $802,905 and dolphin and dock repairs expense decreases of $661,190, offset by increases in vessel overhaul expenses of $974,385; increases in building repairs of $464,467 and increases in repairs to office and terminal equipment of $199,626.

Depreciation and amortization expense increased in 2021 versus 2020 by $1,042,975, or 7.9%. The increase is attributable to the addition of new computer servers and network equipment, vessel equipment, a full year of depreciation for the second phase of the Woods Hole Marine Project and accelerating the depreciation of ticket scanning equipment.

Vessel operating expenses increased by $4,504,697, or 20.5%, versus 2020 expenses. Vessel payroll expense in 2021 increased by $2,177,665, or 13.4%, versus 2020 payroll expense. Vessel fuel oil expense of $6,627,202 was $2,155,166, or 48.2%, higher in 2021 than in 2020. The average cost per gallon of fuel used operating, including hedge costs, in 2021 was $2.038, which represents an increase of 27.2% over the average cost per gallon of fuel used operating in 2020 of $1.602. In 2021, the Steamship Authority's vessels consumed approximately 3,377,000 gallons of fuel, an increase of 18.6%, versus 2020.



FINANCIAL ANALYSIS…continued

Operating Expenses…continued

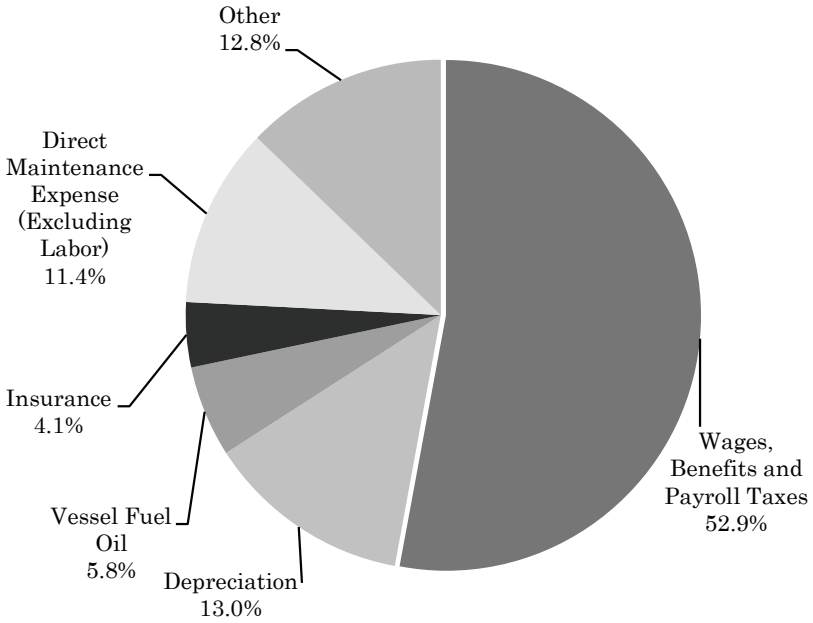
During 2021, the Authority operated 24,369 vessel trips, which represented an increase of 2,946 trips, or 13.8%, versus 2020.

Expenses related to terminal operations increased in 2021 versus 2020 by $1,607,755, or 14.6%. This increase was primarily attributed to a $1,447,108 increase in payroll costs and an increase in other terminal expenses of $104,362.

Expenses to operate reservations and customer service increased in 2021 versus 2020 by $1,027,250, or 60.5%. This increase was primarily attributed to an increase in advertising expense of $841,751, an increase in other traffic expenses of $136,013 and an increase in payroll expense of $47,194.

General and administrative expense in 2021 decreased by $599,221, or 1.6%, versus 2020. In 2021, administration payroll expense increased by $297,319, or 7.2%, versus 2020. Overall pension expense decreased by $1,695,790, or 16.7%, versus 2020. Health care costs, principally for the self-funded groups, decreased by $733,543, or 7.6%, payroll taxes increased by $240,959, or 7.6%, versus 2020; credit card processing expenses increased by $565,199, or 26.4%, versus 2020 and training expenses increased by $751,006 versus the prior year.

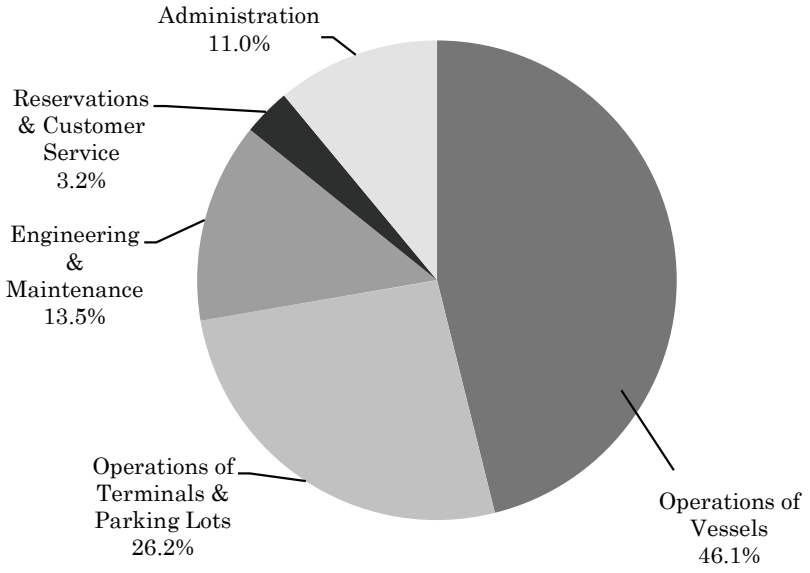
The major sources of operating expenses for the year ended December 31, 2021, were as follows:



FINANCIAL ANALYSIS…continued

Operating Expenses…continued

52.9% of the Authority's operating expenses in 2021 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2021 was distributed to the following functions:



Nonoperating Revenues (Expenses)

The Authority's total nonoperating expenses in 2021 were $89,486, which was a decrease of $58,228, or 186.3%, over the total nonoperating expenses of $31,258 in 2020. Expenses for interest on bonds and other obligations of $2,205,302 in 2021 was an increase of $1,269,536 over the $935,766 in 2020. Income from special-purpose restricted funds of $24,805 in 2021 was a decrease of $112,574 over the $137,379 in 2020. Miscellaneous revenue of $2,123,797 in 2021 increased by $1,038,401 over 2020, due mostly to an increase in license income. In 2021, license income was $2,072,785 compared to $986,273 in 2020, an increase of $1,086,512. Miscellaneous expenses in 2021 decreased by $285,481 as compared to 2020 primarily due to a decrease in the amortization of long-term debt.

During 2021, the Steamship Authority was awarded grants under the FTA and Port Security Grant Program. These awards are recorded under the heading grants and contributions in the statements of revenues, expenses and changes in net position.

Special-Purpose Restricted Funds and Fund Transfers

The Authority's Enabling Act requires revenue derived from its operation to be set aside each month in a specific order and in amounts as follows:

(1) *To the Operations Fund — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements;*

FINANCIAL ANALYSIS…continued

Special-Purpose Restricted Funds and Fund Transfers…continued

(2) *To the Sinking Fund — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;*

(3) *To the Replacement Fund — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);*

(4) *To the Reserve Fund — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or $600,000, whichever is greater;*

(5) *To the Bond Redemption Fund — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and*

(6) *To the Capital Improvement Fund — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.*

The Authority's Sinking Fund balance at December 31, 2022, was $9,377,864, including income from investments of $170,488 during 2022. The Authority's cash flow during 2022 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of $1,509,150 on September 1, 2022, and to provide for the payment of bond interest and principal due on March 1, 2022, in the amount of $1,509,150 and $7,680,000, respectively.

At December 31, 2022, the Property Replacement Fund balance was $18,801,061, including income earned from investments of $330,740 during 2022.

In addition, $13,927,759 was transferred from the Operations Fund to the Property Replacement Fund, an increase of $777,486 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2022, totaling $11,183,161, were comprised of the following:

Woods Hole Reconstruction Project – Marine	$6,623,901
Woods Hole Reconstruction Project – Terminal	3,084,526
Fire Detection Systems – M/V Nantucket, M/V Eagle, M/V Martha's Vineyard, M/V Sankaty	664,984
Spare Engine for M/V Woods Hole	500,430
Miscellaneous Computer/Security Equipment	183,285
2022 Ford Explorer	48,002
Vessel Gyros	42,520
Maintenance Equipment and Vehicle	35,513

The Authority's Reserve Fund balance at December 31, 2022, was $3,724,210, including income from investments of $66,460 during 2022.

FINANCIAL ANALYSIS…continued

Special-Purpose Restricted Funds and Fund Transfers…continued

The Authority's Capital Improvement Fund balance as of December 31, 2022, was $17,265,016, including income from investments of $230,588. During 2022, disbursements from the Capital Improvement Fund totaled $16,130,220. Fund disbursements in 2022 were for the purchase, acquisition, conversion and reactivation of three new vessels and the cost of the bond anticipation notes. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was $1,465,637 at December 31, 2022, including income from investments of $26,155 during 2022.

Investment income from the special-purpose restricted funds amounted to $653,943 during 2022, excluding income from investments in the Sinking Fund of $170,488.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2022, amounted to $235,028,718 net of accumulated depreciation. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2022, the Authority invested $51,439,911 in construction projects in progress.

The Authority's capital assets as of December 31, 2021, amounted to $222,565,831 net of accumulated depreciation. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2021, the Authority invested $21,241,468 in construction projects in progress.

Capital asset additions were funded through the Authority's operations funds and special-purpose restricted funds.

More detailed information regarding the Authority's capital assets activities for 2022 and 2021 can be found in the notes to the financial statements (Note 2).

Debt Administration

The Authority is currently authorized under the provisions of the Enabling Act, as amended, to issue bonds in an amount not to exceed $100,000,000 outstanding at any one time. The Authority's Enabling Act further provides that if at any time any principal or interest is due or about to become due on the Authority's bonds and the funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall pay over to the Authority the amount so certified. In the opinion of the Authority's bond counsel, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. The Commonwealth has never been called upon to make payments to the Authority to meet such obligations under the provisions of the Enabling Act.

CAPITAL ASSETS AND DEBT ADMINISTRATION…continued

Debt Administration…continued

The Authority made scheduled principal payments of $7,245,000 during 2022. Additionally, in September 2022, the Authority received $33,153,780 of proceeds from its 2022 Series A bond anticipation notes issuance, with a principal amount of $33,000,000, a premium of $153,780. The total amount of bonds and notes outstanding, net of unamortized premiums of $6,354,787, was $98,910,000 as of December 31, 2022. The Authority made scheduled principal payments of $7,745,000 during 2021. The total amount of bonds outstanding, net of unamortized premiums of $7,930,739, was $ 73,155,000 as of December 31, 2021.

More detailed information regarding the Authority's debt administration activities for 2022 and 2021 can be found in the notes to the financial statements (Note 3).

ECONOMIC FACTORS

Demand for the Authority's services is mainly affected by the overall economic activity on Martha's Vineyard and Nantucket, both seasonally and year-round. The economic activity is a reflection of the overall construction on the islands and other factors, such as weather-related conditions, capacity constraints and operational limitations, which can also have an impact on the Authority's annual ridership volumes.

The Authority's automobile traffic during the 2022 fiscal year saw decreases, while the truck traffic saw increases, compared to 2021. Both vehicle categories remained above pre-pandemic levels. Passengers carried in 2022 saw an increase compared to 2021 and were at 96.6% of the passenger carried in 2019, the last fiscal year before COVID.

On November 28, 2022, the Authority executed a new memorandum of understanding (MOA) with the Cape Cod Regional Transit Authority (CCRTA) regarding the distribution of funds from CRRSAA, Coronavirus Aid, Relief and Economic Security Act (CARES ACT), American Rescue Plan Act of 2021 (ARPA) and under 49 U.S.C. 5307 and 5339 UZA Formula Grant Funds and 5337 State of Good Repair Grant Funds from the FTA. Based on that MOA, CCRTA agreed to reimburse the Authority $35,873,801 from the above mentioned FTA programs.

The Authority's traffic statistics for the past five years are as follows:

	2018	2019	2020	2021	2022
Passengers	3,055,347	3,004,436	2,067,301	2,727,556	2,903,528
Automobiles	483,047	478,990	434,256	505,555	490,848
Trucks	190,557	195,328	174,521	198,879	204,525
Cars parked	181,761	172,561	102,987	157,827	167,103
Trips made	23,997	23,944	21,423	24,369	24,761
Nautical Miles	353,918	351,734	314,274	362,696	368,346

REQUESTS FOR INFORMATION

This report is intended to provide an overview of the Authority's financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Authority's Treasurer/Comptroller, 228 Palmer Avenue, Falmouth, MA 02540.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position
December 31, 2022 and 2021

	2022	2021 (as restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,473,650	$ 16,009,287
Fuel program premiums	918,427	1,033,172
Receivables, net	2,325,647	1,990,698
Grants receivable	-	858,047
Inventories	662,620	681,030
Prepaid insurance and other	3,368,225	3,360,351
Prepaid fuel hedge	1,609,236	665,492
Total current assets	28,357,805	24,598,077
Non current assets:		
Special-purpose restricted funds:		
Cash and cash equivalents:		
Sinking fund:		
Current bond maturities and interest	9,377,864	8,953,501
Redemption of bonds	1,465,637	1,439,483
Property replacement fund	18,801,061	15,725,723
Reserve fund	3,724,210	3,657,750
Capital improvement fund	17,265,016	20,767
Total special-purpose restricted funds	50,633,788	29,797,224
Capital assets:		
Vessels	183,548,464	182,340,530
Terminal buildings and equipment	210,120,738	181,359,650
Land and land improvements	28,591,269	28,591,269
Construction in progress	25,057,178	27,102,733
Leased property	2,758,337	2,426,642
Less - accumulated depreciation	(215,047,268)	(199,254,993)
Total capital assets, net	235,028,718	222,565,831
Long-term prepaid expense	328,096	437,714
Total noncurrent assets	285,990,602	252,800,769
Total assets	314,348,407	277,398,846
Deferred outflows of resources:		
Deferred outflow on pensions	4,752,450	5,538,708
Deferred outflow on OPEB	318,926	409,606
Total deferred outflows of resources	5,071,376	5,948,314
Total assets and deferred outflows of resources	$ 319,419,783	$ 283,347,160

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position…continued

December 31, 2022 and 2021

	2022	2021 (as restated)
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	$ 6,078,709	$ 9,198,302
Accrued wages, vacation pay and expenses	5,151,413	5,110,721
Accrued interest - leases	9,855	13,361
Lease liability - current portion	610,780	565,262
Unearned revenue	9,393,449	8,174,684
Pension withdrawal obligation	605,089	582,503
Total current liabilities	21,849,295	23,644,833
Liabilities payable from special-purpose restricted funds:		
Accrued interest on Steamship Bonds	1,317,911	1,139,302
Current portion of long-term debt	40,680,000	7,245,000
Total liabilities payable from special-purpose restricted funds	41,997,911	8,384,302
Noncurrent liabilities:		
Long-term debt, net of current portion	64,584,787	73,840,739
Lease liability, net of current portion	969,276	1,301,299
Net pension liability	9,063,174	10,856,962
Total OPEB liability	2,140,762	2,731,244
Pension withdrawal obligations	10,035,468	10,640,556
Total noncurrent liabilities	86,793,467	99,370,800
Total liabilities	150,640,673	131,399,935
Deferred inflows of resources:		
Deferred inflow gain from advance refunding	41,775	48,550
Deferred inflow on Pension	6,276,566	7,378,909
Deferred inflow on OPEB	688,806	301,464
Total deferred inflows of resources	7,007,147	7,728,923
Net position:		
Net investment in capital assets	145,426,675	137,425,102
Restricted	32,050,862	28,637,155
Unrestricted (deficit)	(15,705,574)	(21,843,955)
Total net position	161,771,963	144,218,302
Total liabilities, deferred inflows of resources and net position	$ 319,419,783	$ 283,347,160

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2022 and 2021

	2022	2021 (as restated)
Operating revenues:		
Passenger	$ 33,424,462	$ 31,213,609
Automobile	42,047,333	44,536,341
Freight	38,635,331	37,656,184
Parking	7,386,492	7,194,763
Other	9,676,055	7,638,215
Total operating revenues	131,169,673	128,239,112
Operating expenses:		
Operation of vessels	29,850,453	26,447,621
Operation of terminals and parking lots	13,443,164	12,633,259
Maintenance	23,881,799	21,503,141
Reservations, advertising and other traffic	2,789,784	2,724,125
Depreciation and amortization	15,792,275	14,761,319
General and administrative	34,333,159	35,673,265
Total operating expenses	120,090,634	113,742,730
Operating income	11,079,039	14,496,382
Nonoperating (expenses) revenues:		
Interest on bonds and other obligations	(2,022,426)	(2,302,850)
Income from special-purpose restricted funds	653,943	24,805
Operating grant income	3,756,532	300,096
Miscellaneous revenue	3,033,000	2,123,797
Miscellaneous expense	(16,580)	(32,786)
Total nonoperating (expenses) revenues	5,404,469	113,062
Income before grants and contributions	16,483,508	14,609,444
Grants and contributions	1,070,153	142,754
Change in net position	17,553,661	14,752,198
Net position, beginning of year (as restated)	144,218,302	129,466,104
Net position, end of year	$ 161,771,963	$ 144,218,302

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021 (as restated)
Cash flows from operating activities:		
Payments from customers	$ 132,253,504	$ 128,912,014
Payments to employees for services	(41,874,507)	(39,153,379)
Payments to suppliers and contractors	(65,961,098)	(60,710,440)
Net cash provided by operating activities	24,417,899	29,048,195
Cash flows from noncapital financing activities:		
Principal payments on withdrawal obligations	(582,503)	(561,387)
Interest paid on withdrawal liability	(417,497)	(438,613)
Receipts from other funds and license activities	2,631,367	1,875,098
Operating grant received	4,614,579	-
Net cash provided by noncapital financing activities	6,245,946	875,098
Cash flows from capital and related financing activities:		
Principal payments on Steamship Bonds	(7,245,000)	(7,745,000)
Proceeds from bond anticipation notes	33,153,780	-
Leased property, net	(618,199)	(560,082)
Interest paid	(3,113,371)	(3,647,046)
Proceeds from sales of capital assets	31,824	13,009
Capital expenditures	(30,390,178)	(17,249,339)
Capital grant received	1,070,153	142,754
Net cash used in capital and related financing activities	(7,110,991)	(29,045,704)
Cash flows from investing activities:		
Interest received	94,130	50,012
Interest from special-purpose restricted funds	653,943	24,805
Net cash provided by investing activities	748,073	74,817
Net increase in cash and cash equivalents	24,300,927	952,406
Cash and cash equivalents, beginning of year	45,806,511	44,854,105
Cash and cash equivalents, end of year	$ 70,107,438	$ 45,806,511
Adjustments to reconcile operating income to net cash provided by operating activities:		
Operating income	$ 11,079,039	$ 14,496,382
Depreciation and amortization	15,792,275	14,761,319
Changes in assets, deferred outflows and liabilities, deferred inflows:		
(Increase) decrease in:		
Receivables	(128,812)	(281,651)
Inventories	18,410	(70,033)
Prepaid insurance and other and prepaid fuel hedge	(727,255)	(1,265,681)
Deferred outflows of resources	786,258	2,263,531
Increase (decrease) in:		
Accounts payable	(652,881)	296,008
Accrued wages, vacation pay, and expenses	40,691	777,523
Other postemployment benefits	(112,460)	79,911
Net pension liabilities	(1,793,788)	(8,814,765)
Unearned revenue	1,218,765	958,944
Deferred inflows of resources	(1,102,343)	5,846,707
Net cash provided by operating activities	$ 24,417,899	$ 29,048,195

Supplemental disclosure of noncash transactions:

At December 31, 2022 and 2021, the Authority had capital expenditures in the amount of $1,560,496 and $4,027,208, respectively, that were included in accounts payable.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2022 and 2021

	2022	2021
	Non-Union Pension Fund	
ASSETS		
Investments		
Large U.S. Equity	$ 8,415,609	$ 10,497,482
Small/Mid U.S. Equity	1,487,109	1,714,174
International Equity	4,321,259	5,894,625
Balanced Asset Allocation	-	-
Fixed Income	17,201,060	18,622,050
Other Investments	2,732,916	2,563,720
Total assets	34,157,953	39,292,051
NET POSITION		
Restricted for pensions	34,157,953	39,292,051
Total net position	$ 34,157,953	$ 39,292,051

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2022 and 2021

	2022	2021
	Non-Union Pension Fund	
Additions		
Contributions	$ 2,820,108	$ 1,684,825
Investment income		
Net (depreciation) appreciation of investments	(5,904,198)	3,120,531
Net investment income	(5,904,198)	3,120,531
Total additions	(3,084,090)	4,805,356
Deductions		
Benefit payments	2,038,958	2,092,890
Administrative expenses	11,050	3,500
Total deductions	2,050,008	2,096,390
Change in net position	(5,134,098)	2,708,966
Restricted net position - beginning of year	39,292,051	36,583,085
Restricted net position - end of year	$ 34,157,953	$ 39,292,051

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority) is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Act). The Authority currently consists of five voting members (Board): one resident of Dukes County appointed by the County Commissioners thereof; one resident of the Nantucket County appointed by the County Commissioners thereof; one resident of the Town of Barnstable appointed by the Town Council thereof; one resident of the Town of Falmouth appointed by the Town Council thereof; and one member who is a resident of the City of New Bedford, appointed by the Mayor of the City of New Bedford, with the approval of the City Council thereof. The Enabling Act provides that votes of the members of the Authority are weighted such that the of Dukes County member's vote counts as thirty-five percent of the whole; the Nantucket County member's vote counts as thirty-five percent of the whole; and the vote of each of the Barnstable, Falmouth and New Bedford members counts as ten percent of the whole, to the end that the votes of the Dukes County and Nantucket County members, if cast on the same side of any motion placed before the Authority, shall pass or defeat that motion. A vote of greater than fifty percent of the weighted vote is necessary for any action taken by the Authority. Members whose combined votes count as more than fifty percent of the whole constitute a quorum. The Authority has no stockholders or equity holders.

Measurement Focus, Basis of Accounting and Financial Reporting Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose governmental entity engaged only in business-type activities.

The Authority's fiduciary funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the Authority, these funds are not incorporated into the financial statements of the Authority itself.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and other non-exchange transactions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue represents cash received in advance of future service.

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and, as such, will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, as such, will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statements of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Deferred Inflows/Outflows of Resources…continued

The Authority has the following items that qualify for reporting as deferred outflows of resources or deferred inflows of resources:

- For current refundings resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. The Authority reports its gain or loss on advance refundings within these categories.

- For amounts not recognized in pension expense due to difference between the measurement date and the fiscal year end date, are noted as deferred inflows and/or outflows from pensions and other post-employment benefits (OPEB).

Net Position

Net position represents the residual interest in the Authority's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources and consists of: (1) net investment in capital assets, (2) amounts restricted and (3) amounts that are unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation, deferred inflow due to advance refunding and by any outstanding debt incurred to acquire, construct or improve those assets. Net position is reported as restricted when there are third-party limitations (statutory, contractual or bond covenant) on its use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components. Unspent related debt proceeds or deferred inflows of resources at the end of the reporting period is included in the same net position component (restricted or unrestricted) as the unspent amount.

Transfers and Use of Funds

The Enabling Act and the provisions of the Bond Resolutions with the Authority's bondholders, discussed in more detail in Note 5, govern the disposition of revenue and prescribe certain accounting practices of the Authority, which include the conditions for transfers between the various accounts and the use of such funds. The Enabling Act was amended in 1985 to increase the maximum amount of funds allowed in the Operations Fund and Reserve Fund.

Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits and cash equivalents, which are short-term, highly liquid securities with readily determinable market values. For purposes of the accompanying statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Authority's special-purpose funds include amounts in demand deposits and cash equivalents which are short-term, highly liquid securities with readily determinable market values.

Fuel Program Premiums

Fuel program premiums include option premiums which are cash proceeds from expired fuel options as part of the Authority's fuel hedge program as described in Note 11.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Investments

The fiduciary fund investments are reported at fair value using quoted market price or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses and changes in net position. As discussed in Note 5, the Authority's investments in 2022 and 2021 qualified to be reported as cash equivalents as the Authority participates in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes. Accordingly, the Authority reports no investments at December 31, 2022 and 2021.

Inventories

Inventories of materials and supplies are stated at cost on a first-in, first-out basis.

Leases (Lessee)

The Authority, as a lessee, recognizes a lease liability at the commencement of the lease term, with certain exceptions for short-term leases and immaterial leases. The lease term includes the non-cancellable period of the lease, plus any additional periods covered by the option to extend the lease for which it is reasonably certain to exercise. Periods for which both the Authority and the lessor have the option to terminate are excluded from the lease term.

The lease liability is measured at the present value of the lease payments expected to be paid during the lease term. The Authority's policy is to use the incremental borrowing rate at lease commencement. The lease liability is reduced by the principal portion of the lease payments made. The lease asset is amortized into depreciation expense on a straight-line basis over the term of the lease.

The Authority monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured and a corresponding adjustment is made to the lease asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Capital Assets

Vessels, terminal property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the related assets. The Authority's capitalization threshold for a single item is $5,000 or $10,000 for a group of items. The estimated service lives are as follows:

Vessels	10-30 years
Buildings and structures:	
Buildings and wharves	30 years
Sheds, fences and pavement	10-20 years
Office and terminal equipment:	
Computer equipment	3-5 years
Other	10 years
Motor vehicles	5 years
Leasehold improvements	Shorter of remaining term of lease or estimated useful life

Impairments

The Authority assesses the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used by or no longer meet their estimated service utility for the Authority are reported using GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority recorded impairment charges of $0 and $12,009 related to its property as of December 31, 2022 and 2021, respectively.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority fully reserves for all receivables greater than 90 days. The allowance for doubtful accounts was $50,000 at December 31, 2022 and 2021.

Unamortized Bond Premiums and Discounts

Discounts of bonds and premiums are amortized using effective interest method over the life of the related bond issue.

Risk Financing and Related Insurance Issues

The Authority is self-insured with respect to medical benefits provided to certain employees and retirees. With respect to these medical benefits, the Authority purchases stop-loss insurance which covers all incurred claims in excess of approximately $2,475,000 in the aggregate, up to a maximum aggregate benefit payment of $1,000,000 per person per year. The Authority purchases commercial insurance to cover all other risks of loss. During the current and previous three years, there have been no settlements in excess of insurance coverage maintained by the Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Accrued Sick Leave and Vacation

Employees are granted sick leave and vacation in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave and vacation (subject to certain limitations) at their then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statements of revenues, expenses and changes in net position. Operating revenues consists of those revenues earned from customers for passage of vehicles and passengers, from parking operations and ancillary activities, such as concessions and driver services.

Operating expenses relate to the cost of providing those services and also include administration expenses and depreciation of capital assets. All other revenues and expenses that are not a direct result of the Authority's functions are considered nonoperating. Examples of nonoperating items include investment earnings, interest expense, gains and losses on the disposal of capital assets, grant revenue received from the reimbursement of operating expenses and licensing fees.

The Authority receives funding from various federal agencies that fund both operating and capital expenses. Operating grant revenue is recorded as nonoperating revenue. Grant revenue from federal awards is recognized upon grant award and the incurrence of eligible expenditures or performance of grant requirements. Grant contributions include federal grants, jurisdictional grants and other miscellaneous contributions.

Revenue Recognition

Revenues are recognized on the accrual basis of accounting. Revenues consist primarily of vehicle and passenger traffic on the ferries and parking fees. Vehicle and passenger revenue is recognized upon the completion of travel. Parking fees are recognized when the parking fees are collected.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the net position of OPEB and additions to and deductions from the OPEB net position have been determined on the same basis as they are reported. For this purpose, OPEB recognizes benefit payments when they are due and payable in accordance with the benefit terms.

Pension Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the non-union pension plan and non-union pension plan expense, information about the net position and additions to and deductions from the non-union pension plan's net position, have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Unearned Revenue

Unearned revenue consists primarily of fares received from customers for future reservations. Such amounts are recognized as revenue in subsequent periods as they are earned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant use of estimates includes assumptions related to the valuation of the OPEB and pension plans (the accrual for claims to be submitted under the Authority's self-funded health insurance) and the allowance for uncollectible accounts.

Adoption of New Accounting Pronouncements

GASB Statement No. *87, Leases (GASB 87).* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Authority currently has only lessee arrangements in accordance with this Statement. The adoption of this Statement resulted in the restatement of the Authority's basic financial statements as of January 1, 2021, to reflect the reporting of the right-to-use leased assets and lease payables. Net position as of December 31, 2021, was decreased by $21,351 to reflect the cumulative retrospective effect of the adoption. Additional information on GASB 87 restatement can be found in Note 12, Prior Period Adjustment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Adoption of New Accounting Pronouncements…continued

GASB Statement No. 92*, Omnibus 2020 (GASB 92).* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases*, for interim financial reports. Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan. The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68,* and *Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments.

The adoption of GASB 92 did not have any impact on the Authority. The Authority did not have any intra-entity transfers of assets, did not have any defined benefit postemployment benefit plans meeting the criterion, does not report any postemployment benefit arrangements that are not administered through qualified trusts as fiduciary activities, does not have transactions that would meet the requirement of GASB 69, *Government Combinations and Disposals of Government Operations,* does not have any assets or liabilities that require nonrecurring fair value measurements and does not have any derivatives or derivatives instruments.

GASB Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32 (GASB 97).* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The adoption of GASB 97 did not have any impact on the Authority. The Authority did not have a 457 Deferred Compensation Plan that met the criterion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Adoption of New Accounting Pronouncements…continued

The GASB has issued the following statements which require adoption subsequent to December 31, 2022, and are applicable to the Authority. The Authority has not yet adopted these statements, and the implications on the fiscal practices and financial reports are being evaluated.

GASB Statement No.		Adoption Required in Fiscal Year
91	*Conduit Debt Obligations*	2023 *
94	*Public-private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-Based Information Technology Arrangements*	2023
99	*Omnibus 2022*	2023, 2024
100	*Accounting Changes and Error Corrections*	2024
101	*Compensated Absences*	2025

* Adoption was extended one year with the implementation of Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.*

Management is currently evaluating the impact that the adoption of these standards will have on the Authority's financial statements.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through May 10, 2023, when the financial statements were available to be issued.

The Authority entered into various irrevocable stand-by letters of credits with TD Bank, N.A. subsequent to year-end, that will serve as collateral for the Authority's public deposits subsequent to December 31, 2022. As of May 10, 2023, the issued letters of credit presented below remain outstanding:

Issuance Date	Due Date		Amount
March 29, 2023	June 29, 2023	$	3,000,000
April 05, 2023	June 29, 2023	$	8,100,000

On March 29, 2023, the Authority issued $33,000,000 of 2023 Steamship Series A Bond Anticipation Notes (BAN) at a Net Interest Cost (NIC) of 2.89%. The 2023 BANs mature on September 25, 2023. Prior to maturity of the 2023 BANs, the Authority plans on issuing Bonds and the proceeds of which will be used to pay off the principal of the 2023 BANs. The proceeds of the 2023 Series A BANs were used to pay the principal of the 2022 Series A Bond Anticipation Notes that matured on March 29, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Subsequent Events…continued

On April 7, 2023, the Authority entered into Contract No. 19-22 "Motor Vessel Conversion, Freight Deck Extensions, Associated Machinery, Overhauls, Dry Docking and Overhaul Services for Two (2) OSV Vessels" with Alabama Shipyard LLC of Mobile, Alabama in the aggregate amount of $27,199,408. Work on the M/V Aquinnah and M/V Barnstable is expected to be completed by May, 2024, and the vessels placed into service later in 2024.

2. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$27,112,044	$ -	$ -	$ -	$27,112,044
Construction in progress	27,102,733	27,923,467	-	(29,969,022)	25,057,178
Total capital assets, not being depreciated	54,214,777	27,923,467	-	(29,969,022)	52,169,222
Capital assets, being depreciated:					
Floating equipment	182,340,530	-	-	1,207,934	183,548,464
Buildings and structures	153,005,835	-	-	28,440,645	181,446,480
Office and terminal equipment	21,339,100	-	-	272,441	21,611,541
Motor vehicles	7,014,715	-	-	48,002	7,062,717
Leasehold improvements	1,479,225	-	-	-	1,479,225
Right to use lease assets	2,426,642	331,695	-	-	2,758,337
Total capital assets, being depreciated	367,606,047	331,695	-	29,969,022	397,906,764
Less accumulated depreciation for:					
Floating equipment	111,426,774	6,963,744	-	-	118,390,518
Buildings and structures	64,273,916	6,117,994	-	-	70,391,910
Office and terminal equipment	17,228,918	1,615,093	-	-	18,844,011
Motor vehicles	4,278,089	477,619	-	-	4,755,708
Leasehold improvements	1,479,225	-	-	-	1,479,225
Lease amortization	568,071	617,825	-	-	1,185,896
Total accumulated depreciation	199,254,993	15,792,275	-	-	215,047,268
Total capital assets, being depreciated, net	168,351,054	(15,460,580)	-	29,969,022	182,859,496
Total capital assets, net	$222,565,831	$12,462,887	$ -	$ -	$235,028,718

2. CAPITAL ASSETS…continued

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$27,112,044	$ -	$ -	$ -	$27,112,044
Construction in progress	7,046,666	21,241,467	-	(1,185,400)	27,102,733
Total capital assets, not being depreciated	34,158,710	21,241,467	-	(1,185,400)	54,214,777
Capital assets, being depreciated:					
Floating equipment	182,114,612	-	-	225,918	182,340,530
Buildings and structures	153,005,835	-	-	-	153,005,835
Office and terminal equipment	20,468,123	-	(68,505)	939,482	21,339,100
Motor vehicles	6,994,715	-	-	20,000	7,014,715
Leasehold improvements	1,479,225	-	-	-	1,479,225
Right to use lease assets	2,426,642	-	-	-	2,426,642
Total capital assets, being depreciated	366,489,152	-	(68,505)	1,185,400	367,606,047
Less accumulated depreciation for:					
Floating equipment	105,363,172	6,063,602	-	-	111,426,774
Buildings and structures	58,594,924	5,678,992	-	-	64,273,916
Office and terminal equipment	15,334,765	1,950,648	(56,495)	-	17,228,918
Motor vehicles	3,778,083	500,006	-	-	4,278,089
Leasehold improvements	1,479,225	-	-	-	1,479,225
Lease amortization	-	568,071	-	-	568,071
Total accumulated depreciation	184,550,169	14,761,319	(56,495)	-	199,254,993
Total capital assets, being depreciated, net	181,938,983	(14,761,319)	(12,010)	1,185,400	168,351,054
Total capital assets, net	$216,097,693	$ 6,480,148	$ (12,010)	$ -	$222,565,831

* Restated for cumulative effect of change in accounting principle pertaining to the implementation of GASB Statement No. 87, *Leases*. Refer to Note 12 in the financial statements.

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS

The Steamship Bonds and Bond Anticipation Notes (BAN's) outstanding at December 31, are as follows:

	2022	2021
2015 Series A, including unamortized bond premium of $1,554,561 and $2,045,000 at December 31, 2022 and 2021, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021, and semiannual interest payments through March 1, 2029.	$28,864,561	$32,565,500
2017 Series A, including unamortized bond premium of $434,081 and $615,369 at December 31, 2022 and 2021, respectively, bearing interest at rates of 5.00%, requiring annual payments of principal beginning March 1, 2018, and semiannual interest payments through March 1, 2027.	6,649,081	7,900,369
2018 Series A, including unamortized bond premium of $766,899 and $1,097,147 at December 31, 2022 and 2021, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principle beginning March 1, 2020, and semiannual interest payments through March 1, 2028.	13,681,899	16,232,147
2021 Series A, including unamortized bond premium of $3,527,588 and $4,172,723 at December 31, 2022 and 2021, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021, and semiannual interest payments through March 1, 2031.	22,997,588	24,387,723
2022 Series A BAN's, including unamortized bond premium of $71,657 at December 31, 2022, bearing an interest rate of 3.25%, requiring payment of principal and interest on March 30, 2023. BAN's do not meet criteria for treatment as long-term obligations.	33,071,658	-
Total Steamship Bonds and BAN's	105,264,787	81,085,739
Less bonds and BAN's due within one year	(40,680,000)	(7,245,000)
Total Steamship Bonds and BAN's—excluding current portion	$64,584,787	$73,840,739

2015 Series A Steamship Bonds — On May 8, 2015, the Authority issued $32,950,000 of 2015 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to: (i) construct a new 235-foot passenger and vehicle vessel, the M/V Woods Hole, with a capacity of approximately 384 passengers and 50 cars, to replace the Authority's M/V Governor and (ii) to pay the cost of issuance.

2017 Series A Steamship Bonds — On March 29, 2017, the Authority issued $11,060,000 of 2017 Series A Steamship Bonds with an interest rate of 5.00%. The proceeds were used for the following purposes: (i) to construct a new General Administration Office Building and (ii) to pay the cost of issuance.

2018 Series A Steamship Bonds — On August 28, 2018, the Authority issued $15,915,000 of 2018 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal and (ii) to pay the cost of issuance.

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS…continued

2021 Series A Steamship Bonds — On February 26, 2021, the Authority issued $20,630,000 of 2021 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal (ii) refund $5,660,000 of the Authority's remaining outstanding 2009 Series B Bonds maturing in year 2022 through 2029 and (iii) to pay for the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. government obligations which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2009 Series B Bonds. The deposit with escrow agent for the refunding amounted to $5,669,477. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements. Prior refunded obligations outstanding at December 31, 2022 and 2021, totaled $5,125,000 and $5,660,000, respectively.

2022 Series A BAN's — On September 21, 2022, the Authority issued $33,000,000 of 2022 Series A Steamship BAN's with an interest rate of 3.25%. The proceeds were used for the following purposes: (i) to purchase up to four (4) vessels of HOS Polestar 240ED class and (ii) to pay for modification to the vessels' sterns and midbodies, add sponsons to the vessels' starboard and port sides, modifications to the interior spaces and maintenance and repairs to mechanical systems, which are required to provide adequate service in accordance with Chapter 701 of the Acts of 1960 (the "Facilities"). The 2022 Series A BAN's will be redeemed and reissued as 2023 Series A BAN's in March of 2023 and then redeemed and reissued as 2023 Series A Bonds in September of 2023.

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds and BAN's outstanding at December 31, 2022, are as follows, exclusive of bonds defeased:

Year Ending December 31	Principal Payments	Interest Payments	Total Payments
2023	$ 40,680,000	$ 3,388,363	$ 44,068,363
2024	8,125,000	2,431,175	10,556,175
2025	8,560,000	2,014,050	10,574,050
2026	8,995,000	1,575,175	10,570,175
2027	9,640,000	1,139,275	10,779,275
2028-2032	22,910,000	1,455,725	24,365,725
Total	$ 98,910,000	$ 12,003,763	$ 110,913,763

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of $41,775 and unamortized bond premium of $6,354,787.

3. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS…continued

Scheduled Debt Service Requirements…continued

Short-term and long-term liabilities for the year ended December 31, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-Term Liabilities					
Steamship Bonds and BAN's:					
2015 Series A	$ 30,520,000	$ -	$ (3,210,000)	$ 27,310,000	$ 3,370,000
2017 Series A	7,285,000	-	(1,070,000)	6,215,000	1,120,000
2018 Series A	15,135,000	-	(2,220,000)	12,915,000	2,320,000
2021 Series A	20,215,000	-	(745,000)	19,470,000	870,000
2022 Series A Notes	-	33,000,000	-	33,000,000	33,000,000
Steamship Bonds and BAN's	73,155,000	33,000,000	(7,245,000)	98,910,000	40,680,000
Less deferred amounts:					
For issuance premiums	7,930,739	153,780	(1,729,732)	6,354,787	-
Total bonds payable	81,085,739	33,153,780	(8,974,732)	105,264,787	40,680,000
Compensated absences	3,989,169	389,493	(463,842)	3,914,820	3,914,820
Retainage on contracts	1,731,153	897,884	(2,334,281)	294,756	294,756
Lease liability	1,866,561	331,695	(618,200)	1,580,056	610,780
Total OPEB Liability	2,731,244	-	(590,482)	2,140,762	-
Pension withdrawal obligation	11,223,060	-	(582,503)	10,640,557	605,089
Net pension liability	10,856,962	-	(1,793,788)	9,063,174	-
Total long-term liabilities	$ 113,483,888	$ 34,772,851	$ (15,357,827)	$ 132,898,912	$46,105,445

Short-term and long-term liabilities for the year ended December 31, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Long-Term Liabilities					
Steamship Bonds:					
2009 Series A	$ 435,000	$ -	$ (435,000)	$ -	$ -
2014 Series A	2,770,000	-	(2,770,000)	-	-
2015 Series A	32,950,000	-	(2,430,000)	30,520,000	3,210,000
2017 Series A	8,300,000	-	(1,015,000)	7,285,000	1,070,000
2018 Series A	15,815,000	-	(680,000)	15,135,000	2,220,000
2021 Series A	20,630,000	-	(415,000)	20,215,000	745,000
Steamship Bonds	80,900,000	-	(7,745,000)	73,155,000	7,245,000
Less deferred amounts:					
For issuance premiums	9,567,609	-	(1,636,870)	7,930,739	-
Total bonds payable	90,467,609	-	(9,381,870)	81,085,739	7,245,000
Compensated absences	3,677,176	472,823	(160,830)	3,989,169	3,989,169
Retainage on contracts	676,830	1,336,461	(282,138)	1,731,153	1,731,153
Lease liability	2,426,642	-	(560,081)	1,866,561	565,262
Total OPEB Liability	2,651,333	79,911	-	2,731,244	-
Pension withdrawal obligation	11,783,821	-	(560,761)	11,223,060	582,503
Net pension liability	19,671,727	-	(8,814,765)	10,856,962	-
Total long-term liabilities	$ 131,355,138	$ 1,889,195	$ (19,760,445)	$ 113,483,888	$14,113,087

4. LEASES

Operating Leases — The Authority has several noncancelable operating lease commitments at December 31, 2022, with terms in excess of one year. Total future minimum lease payments under lease agreements are as follows:

Fiscal Years Ending December 31	Principal	Interest	Total
2023	$ 674,518	$ 56,410	$ 730,928
2024	619,643	29,253	648,896
2025	147,000	15,635	162,635
2026	147,000	9,742	156,742
2027	87,000	4,543	91,543
Total	$1,675,162	$115,582	$1,790,744

Aggregate rental expense for the years ended December 31, 2022 and 2021, was $278,523 and $199,788, respectively.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Authority's Board has the sole responsibility for establishing and revising investment policy. In June 2003, the Board adopted a formal investment policy for all of its operations funds and special-purpose restricted funds. In January 2021, the Board reaffirmed the investment policy. The investment strategy is to invest substantially in short-term securities. Permitted investments will consist of obligations issued or secured by the U.S. government or agencies of the U.S. government and overnight repurchasing agreements with banks or in mutual funds composed of the above types of investments. The Authority can also invest in the Massachusetts Municipal Depository Trust (MMDT or the Trust), a pooled money-market-like investment fund managed by the Commonwealth and established under Massachusetts General Laws, Chapter 29, Section 38A.

Investment options which are offered by MMDT include a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and a short-term bond portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays one to five years government/credit bond index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Authority's investment balance with MMDT as of December 31, 2022 and 2021, were solely in the cash portfolio and are reported as cash equivalents on the statements of net position. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS…continued

The cash portfolio also adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures, for financial reporting purposes, all of its investments at amortized cost. At December 31, 2022 and 2021, the Authority's deposits with MMDT totaled $53,375,387 and $32,499,520, respectively. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

Cash and Cash Equivalents

The total amount of the Authority's cash and cash equivalents at December 31, are as follows:

	2022	2021
Cash, including trust and custody agreements	$ 16,732,051	$13,306,991
MMDT	53,375,387	32,499,520
Total	$ 70,107,438	$45,806,511

Custodial Credit Risk

Custodial credit risk exists for cash deposits when, in the event of a failure of a depository financial institution, the Authority's deposits may not be recovered. The Authority does not have a formal policy with regard to custodial credit risk, but generally invests in securities or financial institutions which have either short-term rating of "A" or government securities of "AAA." Bank deposits are Federal Depository Insurance Corporation or Massachusetts Depositors Insurance Fund insured as of December 31, 2022 and 2021. Bank trust and custody agreements include pledged holdings and irrevocable stand-by letters of credit amounting to $12,000,000 and $11,000,000 as of December 31, 2022 and 2021, respectively, issued by the various financial institutions and $24,407,075 and $22,615,000 of federal pledged holdings as of December 31, 2022 and 2021, respectively, as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, are as follows:

	2022	2021
Balance per banks	$22,237,054	$18,803,719
Deposits covered by:		
Federal Depository Insurance Corporation	(1,000,000)	(1,000,000)
Massachusetts Depositors Insurance Fund	(1,900,153)	(2,000,879)
Bank trust and custody agreements	(16,585,213)	(13,100,257)
Total uninsured and uncollateralized deposits	$ 2,751,688	$ 2,702,583

Interest Rate Risk and Credit Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Authority does not have a formal policy with regard to interest rate risk. The majority of the Authority's investments are in MMDT and are treated as cash equivalents. Fiduciary fund investments are with Principal Financial Group (Principal).

5. CASH AND CASH EQUIVALENTS AND INVESTMENTS…continued

Interest Rate Risk and Credit Risk…continued

Credit risk exists when there is a possibility that the issuer of an investment may be unable to fulfill its obligations. The Authority does have a formal policy with regard to credit risk. It should be noted, however, that the investment portfolio may be no more than 25% invested in securities of a single issuer, except for obligations of the U.S. government. For the fiduciary fund investments with Principal, the Authority performs annual reviews to ensure investments are diversified by asset class, style and investment managers.

The Authority maintains cash, cash equivalents and investments available for use by all funds, in the manner provided below, as set forth by the Authority's Enabling Act, as amended.

The revenues derived from the operation of the Steamship Authority are set aside in funds as defined in the act and provisions of the Bond Resolutions. Monies in these funds on the last day of the preceding month shall be transferred:

- *To the Operations Fund* — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements.

- *To the Sinking Fund* — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;

- *To the Replacement Fund* — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Replacement Fund in any given year to the amount of the prior year's depreciation expense);

- *To the Reserve Fund* — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or $600,000, whichever is greater;

- *To the Bond Redemption Fund* — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and

- *To the Capital Improvement Fund* — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.

5. CASH AND CASH EQUIVALENTS…continued

Fiduciary Fund Investments

As of December 31, 2022, the Authority had the following investments in its portfolio:

Fiduciary Fund Investment Type	Fair Value	Fair Value Measurement	Investment Maturities (in years) Less Than 1	1-5
Large U.S. equity	$ 8,415,609	Level 1	$ 10,497,482	$ -
Small/Mid U.S. equity	1,487,109	Level 1	1,714,174	-
International equity	4,321,259	Level 1	5,894,625	-
Fixed income	17,201,060	Level 1	666,667	16,534,393
Real estate	2,732,916	Level 2	-	2,732,916
Total assets	$ 34,157,953			

As of December 31, 2021, the Authority had the following investments in its portfolio:

Fiduciary Fund Investment Type	Fair Value	Fair Value Measurement	Investment Maturities (in years) Less Than 1	1-5
Large U.S. equity	$ 10,497,482	Level 1	$ 10,497,482	
Small/Mid U.S. equity	1,714,174	Level 1	1,714,174	
International equity	5,894,625	Level 1	5,894,625	
Fixed income	18,622,050	Level 1	1,046,608	17,575,442
Real estate	2,563,720	Level 2		2,563,720
Total assets	$ 39,292,051			

6. PENSION PLANS

The Authority provides retirement benefits to its employees through various defined benefit and defined contribution pension plans.

Defined Benefit Pension Plans Sponsored By the Authority:

Description of Plan

Nonunion Plan

The Authority has in effect a single employer, defined benefit pension plan established in 1968 for eligible nonunion employees (the Nonunion Plan). The Nonunion plan reporting date is February 28 of each year.

Administration of the Plan

The Nonunion Plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the Nonunion Plan and executes related transactions under custodial agreements with the Nonunion Plan and the Authority. Separate financial statements are not issued for the Nonunion Plan.

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Participation and Vesting

Employees not under collective bargaining agreements whose customary employment with the Authority is for at least 30 hours per week and are employed or expected to be employed on a year-round basis may participate in the Nonunion Plan.

Participants' benefits become fully vested after five years of service in the Nonunion Plan. Benefit payments are made to participants of the Nonunion Plan or their beneficiaries in varying amounts according to the provisions of the Nonunion Plan.

Plan Amendment and Termination

The Nonunion Plan may be amended or terminated in whole or in part at any time by the Authority, provided that no such modification, amendment, or termination shall be made that would deprive a current participant of rights or benefits provided under the Nonunion Plan.

Normal Retirement Benefits

The normal form of retirement benefit is a monthly annuity payable for life with payments guaranteed for five years (optional forms of payment may be elected in advance of retirement), commencing on the normal retirement date. The normal retirement date for participants who joined the Nonunion Plan prior to March 1, 1992, is the earliest of (a) attainment of age 65 and completion of 20 years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 75% of average compensation for the last three years multiplied by an accrued benefit adjustment (as defined in the Nonunion Plan). The normal retirement date for participants who joined the Nonunion Plan on or after March 1, 1992, is the earliest of (a) attainment of age 65 and completion of five years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 2.5% of average compensation multiplied by years of service (maximum of 30 years).

The normal retirement date for participants who join the Nonunion Plan on or after March 1, 2011, is the attainment of age 65 and completion of 10 years of service. The amount of benefits is equal to 2.0% of average compensation multiplied by years of service (maximum of 30 years). Average compensation is defined as average monthly pay received during the three-year period preceding the normal retirement date.

Participants in the Nonunion Plan prior to March 1, 1992, are entitled to a benefit based upon the greater of the benefits allowed under the plan as it existed prior to March 1, 1992, or the benefits allowed to participants who join on or after March 1, 1992.

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Employees Covered by Benefit Terms

At February 28, 2022, the following employees were covered by the benefit terms:

Active plan members	73
Inactive plan members entitled to but not yet receiving benefits	36
Retired plan members or beneficiaries currently received benefits	51
Total	160

At February 28, 2021, the following employees were covered by the benefit terms:

Active plan members	72
Inactive plan members entitled to but not yet receiving benefits	36
Retired plan members or beneficiaries currently received benefits	43
Total	151

Cost-of-Living Adjustment

As of March 1, 2002, the Nonunion Plan was amended to include an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan. The cost of living increase is based on half of the percentage increase in the consumer price index from year to year, with the aggregate cost of living increase not to exceed 50% of the value of the participant's benefit as of the annuity starting date.

As of March 1, 2011, the Nonunion Plan was amended to exclude an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan who became participants on or after March 1, 2011.

Contributions

Employees who become participants in the Nonunion Plan are currently required to contribute 3.0% of salary. The Authority currently contributes 25.0% of annual covered payroll for the Nonunion Plan. For the Plan years ended February 28, 2022 and February 28, 2021, the Authority contributed $1,935,615 and $1,639,620, respectively, towards the Nonunion Plan.

For the period March 1, 2022 through December 31, 2022, and March 1, 2021 through December 21, 2021, the Authority contributed $2,380,460 and $1,768,314, respectively, towards the Nonunion Plan in subsequent contributions. These subsequent contributions are recorded as deferred outflows on pensions in the statements of net position.

Disability Benefits

There are no disability benefits payable under the Nonunion Plan.

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Early Retirement Benefits

Early retirement benefits are in the same form as normal retirement benefits and commence on the early retirement date. The early retirement date must be within the 10-year period preceding the normal retirement date. Benefits are reduced for each year that the early retirement date precedes the normal retirement date.

Investments

Investments are valued as of the measurement date. Investments are in separate accounts held at Principal in commingled pools, rather than individual securities, and are valued at fair market value. All investments held by pension trust fund are in Level I securities, with the exception of a real estate fund valued at $2,732,916 in 2022 and $2,563,720 in 2021, which is a Level 2 investment. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal, has been hired to manage the asset allocation strategy for the Nonunion Plan.

The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the Nonunion Plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plan's return, while providing multiple layers of diversification to help minimize risk.

Actuarial Assumptions

Valuation Date	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Amortization Period	Assumed Rate of Return	Inflation Rate	Salary Increases
02/28/2022	Entry Age	Market value	Level dollar	20-30 years	5.25%	2.40%	S5 + 2.00%
02/28/2021	Entry Age	Market value	Level dollar	20-30 years	5.00%	2.25%	S5 + 1.75%

Based on PUBG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale, PUBG-2010 is the baseline mortality rate table underlying the SOA PUB-2010 experience study published in October 2021.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2021 to February 28, 2022, is 2.63%. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2020 to February 28, 2021, is 14.62%.

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Expected Rate of Return

The expected long-term return of 5.25% on plan assets was developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of broad asset classes' arithmetic returns of the plan's target asset allocations and then converted to the geometric under lognormal distribution assumption.

Due to the long-term nature of the pension obligations, the investment horizon for the Capital Market Assumptions (CMA) 2022 is 20 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

The plan's target asset allocations, as of February 28, 2022, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Return	Expected Geometric Return
US Equity - Large Cap	25.28%	7.70%	6.20%
US Equity - Mid Cap	2.82%	8.00%	6.20%
US Equity - Small Cap	1.38%	8.55%	6.20%
Non-US Equity	14.36%	8.00%	6.20%
Real Estate (direct property)	5.84%	5.35%	5.00%
Core Bond	46.46%	3.30%	3.15%
High Yield	3.86%	5.55%	5.10%

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Expected Rate of Return…*continued*

A measurement date of February 28, 2022 has been used for the fiscal year ending December 31, 2022. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2022 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2021	$47,373,353	$36,516,391	$10,856,962
Changes for the year:			
Service cost	971,275	-	971,275
Interest	2,294,290	-	2,294,290
Differences between expected and actual experience	(215,503)	-	(215,503)
Changes in assumptions	(1,767,379)	-	(1,767,379)
Contributions - employer	-	1,935,615	(1,935,615)
Contributions - employee	-	184,274	(184,274)
Net investment income	-	960,232	(960,232)
Administrative expenses		(3,650)	3,650
Benefit payments, including refunds of employee contributions	(2,103,437)	(2,103,437)	-
Net change	(820,754)	973,034	(1,793,788)
Balance at December 31, 2022	$46,552,599	$37,489,425	$ 9,063,174

The plan's target asset allocations, as of February 28, 2021, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Return	Expected Geometric Return
US Equity - Large Cap	23.44%	6.35%	7.70%
US Equity - Mid Cap	2.66%	6.35%	7.95%
US Equity - Small Cap	1.38%	6.35%	8.50%
Non-US Equity	12.99%	6.35%	7.95%
REITs	0.37%	5.95%	7.60%
Real Estate (direct property)	5.67%	5.25%	5.55%
Treasury Inflation -Protected Securities	0.56%	3.35%	3.50%
Core Bond	48.87%	3.90%	4.00%
High Yield	4.06%	6.00%	6.45%

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Expected Rate of Return…*continued*

A measurement date of February 28, 2021, has been used for the fiscal year ending December 31, 2021. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2021, are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	$51,151,856	$31,480,129	$19,671,727
Changes for the year:			
Service cost	1,231,396	-	1,231,396
Interest	2,093,193	-	2,093,193
Differences between expected and actual experience	(352,152)	-	(352,152)
Changes in assumptions	(5,363,753)	-	(5,363,753)
Contributions - employer	-	1,639,620	(1,639,620)
Contributions - employee	-	161,932	(161,932)
Net investment income	-	4,621,897	(4,621,897)
Benefit payments, including refunds of employee contributions	(1,387,187)	(1,387,187)	-
Net change	(3,778,503)	5,036,262	(8,814,765)
Balance at December 31, 2021	$47,373,353	$36,516,391	$10,856,962

Statement of Deferred Outflows and Inflows of Resources

As of February 28, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,129	$ (404,617)
Effects of changes in assumptions	1,350,661	(3,838,202)
Net difference between expected and net investment income	909,200	(2,033,747)
Employer contributions subsequent to measurement period	2,380,460	-
Total Deferred Outflows and Inflows of Resources	$ 4,752,450	$ (6,276,566)

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Statement of Deferred Outflows and Inflows of Resources…continued

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

	Amount to be Recognized
2023	$ (956,659)
2024	(2,209,086)
2025	(911,959)
2026	173,128

As of February 28, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 436,690	$ (490,681)
Effects of changes in assumptions	2,900,328	(3,941,007)
Net difference between expected and net investment income	-	(2,513,845)
Employer contributions subsequent to measurement period	1,768,314	-
Total Deferred Outflows and Inflows of Resources	$ 5,105,332	$ (6,945,533)

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

	Amount to be Recognized
2022	$ (492,213)
2023	(627,791)
2024	(1,880,218)
2025	(608,193)

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Description of Plan…continued

Nonunion Plan…continued

Discount Rate

The discount rate used to determine the end of period total pension liability is 5.25%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2022 to 2116. Benefits after 2116 are projected to be $0.

The long-term rate of return of 5.25% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.39% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the February 28, 2022, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

The discount rate used to determine the beginning of period total pension liability is 4.85% and the discount rate used to determine the end of period total pension liability is 5.25%, an increase of 0.40%. The municipal bond rate as of February 28, 2021, was 3.27%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan as of February 28, 2022, calculated using the discount rate of 5.25%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

Plan Year Ended	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
February 28, 2022	$15,080,895	$ 9,063,174	$ 4,022,159

The following represents the net pension liability of the Plan as of February 28, 2021, calculated using the discount rate of 4.85%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (3.85%) or one percentage point higher (5.85%) than the current rate:

Plan Year Ended	1% Decrease (3.85%)	Discount Rate (4.85%)	1% Increase (5.85%)
February 28, 2021	$17,232,910	$10,856,962	$ 5,475,657

6. PENSION PLANS…continued

Defined Contribution Plans Sponsored By the Authority:

Licensed Deck Officers Plan (LDO Plan)

The Authority also has a defined contribution plan for its licensed deck officers. Prior to July 27, 2013, the Authority was required to contribute an amount equal to 10.75% of base weekly earnings for each employee. Effective July 27, 2013, the Authority was required to contribute an amount equal to 7.50% of base weekly earnings for each employee. The Authority's required and actual contributions aggregated $406,750 and $385,416 for 2022 and 2021, respectively.

Administration of the Plan

The plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the LDO Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All licensed deck officers (captains, pilots and mates) are eligible to participate in the plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LDO Plan.

Parking Lot Employees and Shuttle Bus Drivers Plan (PLSBD Plan)

The Authority also has a defined contribution plan for its permanent parking lot employees/shuttle bus drivers. Effective May 28, 2011, the Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each permanent parking lot employee/shuttle bus driver. As a result of a collective bargaining agreement, effective from May 7, 2016 through May 7, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent parking lot employees/shuttle bus drivers.
Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan.

However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent parking lot employees/shuttle bus drivers who were approaching retirement and wished to remain in the PLSBD Plan, and were allowed to do so, under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $1,910 and $1,914 for 2022 and 2021, respectively.

Administration of the PLSBD Plan

The PLSBD Plan is administered by the Authority. The Trustee, Prudential Trust Company (Prudential), holds the investment securities of the plan and executes related transactions under custodial agreements with the PLSBD Plan and the Authority.
Participation and Vesting

All permanent parking lot employees/shuttle bus drivers are eligible to participate in the PLSBD Plan. Participants are 100% vested at all times.

6. PENSION PLANS…continued

Defined Benefit Pension Plans Sponsored By the Authority…continued

Parking Lot Employees and Shuttle Bus Drivers Plan…continued

Employee Contributions

No employee contributions are made under the PLSBD Plan.

Security Employees Plan (SE Plan)

The Authority also has a defined contribution plan for its permanent security employees. The Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each security employee. As a result of a collective bargaining agreement, effective from July 23, 2016 through July 23, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent security employees. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent security employees who were approaching retirement and wished to remain in the SE Plan and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated $0 and $1,007 for 2022 and 2021, respectively.

Administration of the Plan

The SE Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the plan and executes related transactions under custodial agreements with the SE Plan and the Authority.

Participation and Vesting

All permanent security employees are eligible to participate in the SE Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the SE Plan.

Unlicensed Vessel Employees Plan (UV Plan)

The Authority also has a defined contribution plan for its permanent unlicensed vessel employees. Effective August 23, 2014, the Authority is required to contribute an amount equal to 3.5% of base weekly earnings for each employee. Prior to that, the Authority was required to contribute an amount equal to 10.0% of base weekly earnings for the period April 15, 2000 through August 22, 2014, 9.0% from April 17, 1999 through April 14, 2000, 7.5% from April 18, 1998 through April 16, 1999, and 6.0% through April 17, 1998. The Authority's required and actual contributions aggregate $328,254 and $308,692 for 2022 and 2021, respectively.

6. PENSION PLANS…continued

Defined Contribution Plans Sponsored by the Authority…continued

Unlicensed Vessel Employees Plan (UV Plan)…continued

Administration of the Plan

The UV Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the UV Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All permanent unlicensed vessel employees are eligible to participate in the UV Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the UV Plan.

Multiemployer - Licensed Engineering Officers Plan (LEO Plan)

The Authority contributes to a multiemployer defined contribution plan for its licensed engineering officers. The Authority is required to contribute an amount equal to 10.667% of base weekly earnings for each employee on the permanent Chief Engineers roster as of August 1, 2008, and $12.50 per day for each engineering officer not on the permanent Chief Engineers roster as of August 1, 2008. In January 2012, the Authority discontinued contributing to the multiemployer defined contribution plan and, instead, began contributing to a multiemployer pension plan, administered by the Marine Engineers Beneficial Association Pension Trust (M.E.B.A.), at a rate of 11.7% of earnings.

Administration of the Plan

The LEO Plan is administered by M.E.B.A., Trustee. The Trustee holds the investment securities of the LEO Plan and executes related transactions under custodial agreements with the LEO Plan.

Participation and Vesting

All engineering officers (chief engineers, third assistant engineers) are eligible to participate in the LEO Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LEO Plan.

Employer Contributions

Effective August 2016, the Authority resumed contributions to the defined contribution plan at a rate of 2.74%. In August 2017, the Authority's contribution rate changed to 4.0% and, in August 2018, the contribution rate changed to 5.0%. The Authority's required and actual contributions aggregate $155,430 and $146,956 for 2022 and 2021, respectively.

6. PENSION PLANS…continued

Defined Contribution Plans Sponsored by the Authority…continued

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with IRC Section 457, available to all regular full-time employees. Under the terms of the plan, employees who wish to participate may have contributed up to a maximum of $20,500 in 2022 and $19,500 in 2021 of their annual compensation. A "catch up" contribution for those employees 50 years of age or older is allowed; this amount is limited to an additional $6,500 per year. The Authority did not contribute to the plan in 2022 or 2021.

Multiemployer Pension Plans

The Authority provides benefits to certain of its employees by making contributions to various multiemployer pension plans. Such plans are available to all full-time union employees not covered by the Nonunion Plan, and their eligibility in the plans commences upon employment. There were no outstanding payables under any of the plans for the year ended December 31, 2022. The schedule of employer contributions to the plans, presented as required supplementary information following the notes to the financial statements, present historical contributions made to each plan. None of these pension plans issue publicly available financial statements.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Licensed Deck Officers. The active union contract was executed effective July 31, 2021, and has a term ending July 26, 2024. The contribution rate, effective July 31, 2022, has been negotiated at $8.00 per hour to a maximum of $336.00 per week, per employee. During 2022, contributions were made for 62 employees, totaling $859,626. During 2021, contributions were made for 60 employees totaling $790,049.

- The M.E.B.A. Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective July 31, 2021, and has a term ending July 26, 2024. The contribution rate, effective January 1, 2012, has been negotiated at 11.7% of the total wages per employee. Effective May 1, 2015, an additional $6.00 per day was redirected from the M.E.B.A. Medical and Benefits Plan towards the pension plan. During 2022, contributions were made for 46 employees, totaling $485,466. During 2021, contributions were made for 48 employees, totaling $453,488.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Unlicensed Vessel Employees. The active union contract was executed effective April 17, 2021, and has a term ending April 19, 2024. The contribution rate, effective April 23, 2022, has been negotiated at $5.50 per hour to a maximum of $231.00 per week, per employee. During 2022, contributions were made for 191 employees totaling $1,625,641. During 2021, contributions were made for 193 employees totaling $1,543,820.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 16, 2016, and has a term ending April 16, 2021. The existing contract is currently being negotiated. Until such time, the Authority will continue to contribute the most recent agreed upon rates. The contribution rate, effective April 1, 2011, has been negotiated at $6.37 per hour to a maximum of $254.80 per week, per employee. During 2022, contributions were made for 38 employees, totaling $432,189. During 2021, contributions were made for 39 employees, totaling $455,965.

6. PENSION PLANS…continued

Defined Contribution Plans Sponsored by the Authority…continued

Multiemployer Pension Plans…continued

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Agency and Terminal Employees. The active union contract was executed effective April 17, 2021, and has a term ending April 19, 2024. The contribution rate, effective April 23, 2021, has been negotiated at $5.14 per hour to a maximum of $205.60 per week, per employee. During 2022, contributions were made for 121 employees, totaling $896,019. During 2021, contributions were made for 111 employees, totaling $896,487.

- The Massachusetts Service Employee's Pension Fund Plan covered the Authority's Reservation Clerks and Group Sales employees. The active union contract was executed effective August 28, 2021, and has a term ending December 20, 2024. The contribution rate, effective August 28, 2021, has been negotiated at $0.60 per hour, per employee. During 2022, contributions were made for 31 employees, totaling $22,058. During 2021, contributions were made for 25 employees, totaling $21,999.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Parking Lot Employees/Shuttle Bus Drivers. The active union contract was executed effective May 8, 2021, and has a term ending May 3, 2024. The contribution rate, effective May 21, 2022, has been negotiated at $1.10 per hour to a maximum of $44.00 per week, per employee. During 2022, contributions were made for 38 employees, totaling $56,712. During 2021, contributions were made for 33 employees, totaling $51,090.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 24, 2021, and has a term ending July 26, 2024. The contribution rate, effective July 23, 2022, has been negotiated at $1.10 per hour to a maximum of $44.00 per week, per employee. During 2022, contributions were made for 11 employees, totaling $20,475. During 2021, contributions were made for 10 employees, totaling $19,548.

The covered payroll of such employees was $29,164,725 and $26,928,725 in 2022 and 2021, respectively. The Authority's contributions to the plans met the contribution requirements in 2022 and 2021, and aggregated $4,398,185 (15.1% of covered payroll for employees participating in the plans in 2022) and $4,232,445 (15.7% of covered payroll for employees participating in the plans in 2021).

Pension Withdrawal Obligations

In March 2011, the Steamship Authority entered into successor collective bargaining agreements, with Teamster Local 59, with respect to its maintenance employees and its agency and terminal employees. Terms of the agreements allow the Authority to withdraw from the New England Teamsters and Trucking Industry Pension Fund (the Fund). The agreements provide that the Authority shall fully satisfy its withdrawal liability to the Fund by making 300 monthly withdrawal liability payments, each in the amount of $83,333, beginning October 2011.

6. PENSION PLANS…continued

Defined Contribution Plans Sponsored by the Authority…continued

Pension Withdrawal Obligations…continued

In addition, the Authority will enter into the New England Teamsters and Trucking Industry Pension Fund "New Employer Pool". The Authority's participation in the New Employer Pool requires that any future withdrawal liability be computed by the Direct Attribution Method under terms of the Employee Retirement Income Security Act of 1974 (ERISA §4211). In 2022 and 2021, the Authority made payments totaling $1,000,000 towards the withdrawal liability. Interest payments totaled $417,497 and $438,613 in 2022 and 2021, respectively. Pension withdrawal obligation totaled $10,640,557 and $11,223,060 as of December 31, 2022 and 2021, respectively, and are recorded in the statements of net position using the present value of the obligation based upon incremental borrowing costs.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the Authority provides postemployment health care benefits for eligible employees who render at least 20 years of service and attain age 62 while in service, until the employee is eligible for Medicare. The benefits, benefit level, employee contributions and employer contributions are governed by the Authority and collective bargaining agreements. As of December 31, 2022, the actuarial valuation date, approximately 300 active employees and 17 retirees meet eligibility requirements As of December 31, 2021, the actuarial valuation date, approximately 308 active employees and 16 retirees meet eligibility requirements. The plan does not issue separate stand-alone financial statements.

Benefits Provided

Medical coverage, excluding dental, under the group health insurance plan for regular full-time nonunion employees, licensed deck officers and unlicensed vessel personnel with 20 or more years of service who retire after reaching age 62 will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided, that the employee pay 50% of the enrollment cost, as established annually by the plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue as provided for under COBRA, provided that the employee pay 100% of the enrollment cost, as established annually by the plan administrator.

Funding Policy

Effective January 1, 2013, the nonunion retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. Effective July 27, 2013, the licensed deck officer retired employee must pay 20% of the enrollment cost (the working rate), as established annually by the plan administrator. Effective August 2, 2014, the unlicensed vessel retired employee must pay 20% of the enrollment cost (the working rate), as established annually by the plan administrator. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)…continued

Measurement Date

GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* requires the total OPEB liability to be measured as of the OPEB plan's most recent fiscal year-end. Accordingly, the total OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2022.

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2022:

Retirees or beneficiaries currently receiving benefits	12
Active Employees	300
Total	312

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2021:

Retirees or beneficiaries currently receiving benefits	12
Active Employees	308
Total	320

Changes in the Total OPEB Liability

	Increase (Decrease)
Balance at December 31, 2021	$ 2,731,244
Changes for the year:	
Service cost	155,701
Interest on liability and service cost	57,850
Change in benefit terms	(124,690)
Differences between expected and actual experience	(178,552)
Change in assumptions	(343,432)
Benefit payments	(157,359)
Net changes	(590,482)
Balance at December 31, 2022	$ 2,140,762

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)…continued

Changes in the Total OPEB Liability…continued

As of December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (688,806)
Effects of changes in assumptions	318,926	-
Total deferred outflows and inflows of resources	$ 318,926	$ (688,806)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the pension expense as follows:

	Amount to be Recognized
2023	$ (43,962)
2024	(22,749)
2025	(43,114)
2026	(60,230)
2027	(59,916)
Thereafter	(139,909)

Actuarial Methods and Assumptions as of December 31, 2022

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	3.90%
Discount rate:	3.72%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2021
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1987 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	7.50% for 2022, decreasing 0.6% per year to 5.7%, then grading down to an ultimate trend rate of 3.90%, utilizing the Society of Actuaries Getzen Medical Trend model.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)…continued

Actuarial Methods and Assumptions as of December 31, 2022…continued

Retirement rate assumptions:

	Age			
	62	63	64	65
Male	25%	25%	25%	100%
Female	25%	25%	25%	100%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2022

	1% Decrease	Current Discount Rate	1% Increase
	(2.72%)	(3.72%)	(4.72%)
Total OPEB liability	$ 2,316,354	$ 2,140,762	$ 1,982,847

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2022

	1% Decrease	Current Trend	1% Increase
	(6.50%)	(7.50%)	(8.50%)
Total OPEB liability	$ 1,998,269	$ 2,140,762	$ 2,307,085

	Increase (Decrease)
Balance at December 31, 2020	$ 2,651,333
Changes for the year:	
Service cost	148,451
Interest on liability and service cost	57,661
Change in assumptions	33,648
Benefit payments	(159,849)
Net changes	79,911
Balance at December 31, 2021	$ 2,731,244

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)…continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2022…continued

As of December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (301,464)
Effects of changes in assumptions	409,606	-
Total deferred outflows and inflows of resources	$ 409,606	$ (301,464)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the pension expense as follows:

	Amount to be Recognized
2022	$ 19,155
2023	19,155
2024	40,368
2025	20,003
2026	2,887
Thereafter	6,574

Actuarial Methods and Assumptions as of December 31, 2021

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

Actuarial cost method:	Individual entry age normal
Medical care inflation:	4.00%
Discount rate:	2.06%
Mortality table used:	PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2020
Interest:	Pay-as-you-go: 3.5% per year
Disability:	1987 Commissioner's Group Disability table for male and female with six-month elimination period
Healthcare trend rate:	7.00% for 2021, decreasing 0.45% per year to 5.2%, then grading down to an ultimate trend rate of 4.00%, utilizing the Society of Actuaries Getzen Medical Trend model.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)…continued

Actuarial Methods and Assumptions as of December 31, 2021…continued

Retirement rate assumptions:

	Age			
	62	63	64	65
Male	25%	25%	25%	100%
Female	25%	25%	25%	100%

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2021

	1% Decrease	Current Discount Rate	1% Increase
	(1.06%)	(2.06%)	(3.06%)
Total OPEB liability	$ 2,968,929	$ 2,731,244	$ 2,518,374

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2021

	1% Decrease	Current Trend	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Total OPEB liability	$ 2,515,696	$ 2,731,244	$ 2,987,096

8. COMMITMENTS

Construction in progress at December 31, 2022, consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2023 and 2024. At December 31, 2022, remaining construction commitments for these capital projects aggregated $10,839,828. In addition, dry-docking and overhaul commitments for vessels aggregated $2,707,942.

9. CONTINGENCIES

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.

The Authority applies for and occasionally receives financial assistance from the federal government's various grant programs for specific projects. When this occurs, the entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowance becomes a liability of the Authority.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for these risks, except for those risks identified in the following paragraph, which the Authority accounts for in accrued expenses.

Group Health

The Authority has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The total charge is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are recorded as a component of accounts payable in the Authority's statements of net position. Claim liabilities are calculated based on recent claim settlement trends, including frequency and amount of pay-outs. The calculation includes a weighted-three-year-average of claims paid by group with an adjustment made to claims to account for increases in medical cost based on the Consumer Price Index — Medical (CPI-Med).

The Authority carries stop-loss insurance on individual medical claims in excess of $150,000 per person and approximately $2,475,000 in the aggregate, up to a maximum aggregate benefit payment of $1,000,000 per person per year. An analysis of claims activities is presented below:

	2022	2021
Liability as of January 1	$ 260,415	$ 400,938
Current-year charges and changes in estimate	1,897,346	2,564,836
Actual claims paid	(1,971,608)	(2,705,359)
Liability as of December 31	$ 186,153	$ 260,415

Such amounts are recorded as a component of current liabilities in the statements of net position.

11. HEDGE PROGRAM

The Authority manages a fuel oil hedging program which is intended to take advantage of market conditions to cap fuel expense. The objectives of the program are to (1) identify exposure to movements in energy prices, (2) understand the impact to the Authority's financial position, (3) employ all reasonable and prudent measures to mitigate the impact of price movements and (4) manage the volatility of energy costs to acceptable levels. The hedge program attempts to transform the unacceptable risks of skyrocketing energy prices into an acceptable form, similar to an insurance policy.

The Steamship Authority's hedging program operates under a non-speculative philosophy and transactions are limited to expected energy volumes anticipated in the normal course of operations. The Authority's hedging strategy may include fixed-price swaps, collars, or caps. The program is designed to allow the Authority to benefit from prices that fall below the cap while offering some protection that pricing will not exceed the cap price.

11. HEDGE PROGRAM…continued

As of December 31, 2022, the Authority had executed hedging transactions for 3,276,000 gallons of fuel out of the approximate 3,500,000 gallons of fuel, which is expected to be used in 2023. The cost of these call options totaled $1,609,236 at December 31, 2022. Additionally, the Authority has $918,427 in option premiums from expired options that were in-the-money. These option premiums are recorded as fuel program premiums on the statements of financial position.

As of December 31, 2021, the Authority had executed hedging transactions for 2,982,000 gallons of fuel out of the approximate 3,440,000 gallons of fuel, which is expected to be used in 2022. The cost of these call options totaled $665,492 at December 31, 2021.

As the Authority's hedging is for fuel oil used in the operation of its vessels, and the monthly call options are for quantities lower than the quantities reasonably expected to be consumed, these activities qualify for to the exclusion provided for in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* and, therefore, not required to be reported as derivative instruments.

12. PRIOR PERIOD ADJUSTMENT

The Authority implemented the provisions of GASB 87 as of January 1, 2021. This Statement revises the definition of a lease and establishes standards for recognizing and measuring right-to-use lease assets, lease receivables, deferred inflows of resources for leasing transactions and lease liabilities.

In accordance with the provisions of GASB 87, net position was restated to reflect the cumulative adjustment to recognize the new leasing arrangements. The impact in the statements of revenues, expenses and changes in net position was an increase to the total assets of $1,858,571, an increase of the total liabilities in the amount of $1,879,922, a decrease in the operating expenses of $76,197 and an increase to the nonoperating expenses of $97,548, resulting in a decrease in the net position end of year balance of $21,351 during the fiscal year ending December 31, 2021. The amounts adjusted as a result of the implementation for GASB 87, are as follows:

December 31, 2021	Net Position, Beginning of Year	Total Assets	Total Liabilities
Balance, as previously reported	$ 129,466,104	$ 275,540,275	$ 129,520,013
Adjustment due to implementation of GASB 87	-	1,858,571	1,879,922
Balance, as restated	$ 129,466,104	$ 277,398,846	$ 131,399,935

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REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Reporting Period Ending	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total pension liability					
Service cost	$ 971,275	$ 1,231,396	$ 1,125,594	$ 1,144,364	$ 1,052,910
Interest	2,294,290	2,093,193	2,155,993	2,040,465	1,882,289
Benefit payments	(2,103,437)	(1,387,187)	(1,206,038)	(1,310,113)	(710,728)
Difference between expected and actual experience	(215,503)	(352,152)	451,909	(692,738)	1,130,001
Change in assumptions	(1,767,379)	(5,363,753)	4,657,750	1,724,223	-
Net change in total pension liability	(820,754)	(3,778,503)	7,185,208	2,906,201	3,354,472
Total pension liability, beginning of period	47,373,353	51,151,856	43,966,648	41,060,447	37,705,975
Total pension liability, end of period	$ 46,552,599	$ 47,373,353	$ 51,151,856	$ 43,966,648	$ 41,060,447
Plan fiduciary net position					
Employee contributions	$ 184,274	$ 161,932	$ 177,885	$ 163,708	$ 179,569
Employer contributions	1,935,615	1,639,620	1,479,683	1,495,724	1,505,097
Net investment income	960,232	4,621,897	2,121,849	477,170	2,387,900
Benefit payments	(2,103,437)	(1,387,187)	(1,206,038)	(1,310,113)	(710,728)
Administration expenses	(3,650)	-	(4,500)	(8,000)	-
Net change in plan fiduciary net position	973,034	5,036,262	2,568,879	818,489	3,361,838
Plan fiduciary net position, beginning of period	36,516,391	31,480,129	28,911,250	28,092,761	24,730,923
Plan fiduciary net position, end of period	$ 37,489,425	$ 36,516,391	$ 31,480,129	$ 28,911,250	$ 28,092,761
Net pension liability					
Net pension liability	$ 9,063,174	$ 10,856,962	$ 19,671,727	$ 15,055,398	$ 12,967,686
Ratios					
Fiduciary net position as a percentage of total pension liability	80.53%	77.08%	61.54%	65.76%	68.42%
Covered employee payroll	$ 5,724,158	$ 5,251,609	$ 5,474,020	$ 5,593,650	$ 6,095,342
Net pension liability as a percentage of covered employee payroll	158.33%	206.74%	359.37%	269.15%	212.75%

Data reported for fiscal years 2015 through 2022 is based on the Plan's measurement dates of February 28, 2015 through February 28, 2022, respectively, from the most recent actuarial valuation.

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Reporting Period Ending	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability			
Service cost	$ 967,905	$ 1,081,252	$ 647,483
Interest	1,793,810	1,681,088	1,632,651
Benefit payments	(999,967)	(370,672)	(319,029)
Difference between expected and actual experience	579,321	(177,602)	354,985
Change in assumptions	969,280	(895,895)	2,607,925
Net change in total pension liability	3,310,349	1,318,171	4,924,015
Total pension liability, beginning of period	34,395,626	33,077,455	28,153,440
Total pension liability, end of period	$ 37,705,975	$ 34,395,626	$ 33,077,455
Plan fiduciary net position			
Employee contributions	$ 167,784	$ 161,527	$ 157,177
Employer contributions	1,201,056	807,637	789,093
Net investment income	2,639,818	(1,179,009)	1,245,714
Benefit payments	(999,967)	(370,672)	(319,029)
Administration expenses	(9,000)	-	(2,064)
Net change in plan fiduciary net position	2,999,691	(580,517)	1,870,891
Plan fiduciary net position, beginning of period	21,731,232	22,311,749	20,440,858
Plan fiduciary net position, end of period	$ 24,730,923	$ 21,731,232	$ 22,311,749
Net pension liability			
Net pension liability	$ 12,975,052	$ 12,664,394	$ 10,765,706
Ratios			
Fiduciary net position as a percentage of total pension liability	65.59%	63.18%	67.45%
Covered employee payroll	$ 5,517,416	$ 5,381,074	$ 5,160,167
Net pension liability as a percentage of covered employee payroll	235.17%	235.35%	208.63%

Data reported for fiscal years 2015 through 2022 is based on the Plan's measurement dates of February 28, 2015 through February 28, 2022, respectively, from the most recent actuarial valuation.

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Employer Contributions to the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Last Five Fiscal Years
(in thousands)

	2022	2021	2020	2019	2018
Non-union plan					
Actuarially determined contribution	$1,779	$2,682	$2,285	$2,110	$1,873
Contributions in relation to the actuarially determined contribution	1,936	1,640	1,480	1,496	1,505
Contribution (surplus) deficiency	$ (157)	$1,042	$ 805	$ 614	$ 368
Covered payroll	$5,724	$5,252	$5,474	$5,594	$6,096
Contributions as a percentage of covered payroll	33.8%	31.2%	27.0%	26.7%	24.7%

Data reported for fiscal years 2018 through 2022 is based on the Plan's measurement dates of February 28, 2018 through February 28, 2022, respectively, from the most recent actuarial valuation

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Employer Contributions to the Multiemployer Pension Plans (Unaudited)

Year Ending	New England Teamsters and Trucking Industry Pension Fund Licensed Deck Officers	Marine Engineers Beneficial Association Pension Fund Licensed Engineers	New England Teamsters and Trucking Industry Pension Fund Unlicensed Vessel Employees	New England Teamsters and Trucking Industry Pension Fund Maintenance Employees
December 31, 2013	307,582	315,703	-	366,594
December 31, 2014	699,772	313,260	466,630	358,220
December 31, 2015	707,332	354,697	1,329,894	352,182
December 31, 2016	718,879	382,758	1,343,290	376,028
December 31, 2017	745,496	391,439	1,535,842	395,985
December 31, 2018	781,425	433,482	1,502,055	421,681
December 31, 2019	831,019	457,882	1,625,323	473,074
December 31, 2020	700,755	436,700	1,424,243	447,034
December 31, 2021	790,049	453,488	1,543,820	455,965
December 31, 2022	859,626	485,466	1,625,641	432,189

Year Ending	New England Teamsters and Trucking Industry Pension Fund Agency & Terminal Employees	Massachusetts Service Employee's Pension Fund Reservation Clerks & Group Sales	New England Teamsters and Trucking Industry Pension Fund Parking Lot Employees & Bus Drivers	New England Teamsters and Trucking Industry Pension Fund Security Employees
December 31, 2013	895,432	29,625	-	-
December 31, 2014	861,731	26,991	-	-
December 31, 2015	835,367	31,317	-	-
December 31, 2016	840,360	32,128	-	-
December 31, 2017	874,250	28,962	47,856	15,671
December 31, 2018	915,166	25,423	51,661	15,547
December 31, 2019	950,852	25,470	50,933	18,791
December 31, 2020	834,751	22,952	52,459	19,606
December 31, 2021	896,487	21,999	51,090	19,548
December 31, 2022	896,019	22,058	56,712	20,475

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

Reporting Period Ending	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB Liability					
Service cost	$ 155,701	$ 148,451	$ 80,177	$ 78,214	$ 74,846
Interest	57,850	57,661	73,139	87,735	94,253
Change in Assumptions	(343,432)	33,648	601,900	-	-
Benefit Payments	(157,359)	(159,849)	(159,849)	(136,396)	(141,612)
Change of benefit terms	(124,690)				
Experience (Gain) and Loss	(178,552)	-	(302,532)	-	(207,260)
Net Change in Total OPEB Liability	(590,482)	79,911	292,835	29,553	(179,773)
Total OPEB Liability, beginning of period	2,731,244	2,651,333	2,358,498	2,328,945	2,508,718
Total OPEB Liability, end of period	$ 2,140,762	$ 2,731,244	$ 2,651,333	$ 2,358,498	$ 2,328,945
Covered employee payroll	$ 24,088,016	$ 23,011,428	$ 20,945,530	$ 18,626,043	$ 17,996,177
Total OPEB liability as a percentage of covered employee payroll	8.9%	11.9%	12.7%	12.7%	12.9%

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available

1. Pension Plans

Ten-year historical trend information of the pension plans is presented as required supplementary information. This information is intended to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due. This information is reported as of the measurement date.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each plan's funding status. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

Additional information pertaining to the retirement plans can be found in Note 6 to the basic financial statements.

(a) Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability and related ratios illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

This schedule is intended to show information for 10 years. The changes in the net pension liability for years prior to the fiscal year ending December 31, 2016, were not available and, accordingly, were not included in the schedule. Additional years will be displayed as they become available.

b) Schedule of Employer Contributions – Pension Plans

The schedule of employer contributions provides the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ending December 31, 2022, is based on the September 9, 20222 funding valuation provided by the Authority's actuary.

2. Other Postemployment Benefits (OPEB)

Ten-year historical trend information is presented as required supplementary information for the Authority's OPEB plans. The Authority administers the Healthcare Plan on a pay-as-you-go basis with additional ad-hoc funding contributions based on budgetary results, and there is no actuarial required contribution. Accordingly, a schedule of employer required contributions is not presented in the required supplementary information for this plan. Additional information pertaining to the OPEB plans can be found in Note 7 to the basic financial statements.

Trends in the total OPEB liability and covered payroll are both affected by inflation. Expressing the total OPEB liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the OPEB plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

MARTHA'S VINEYARD

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